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The Editors

THE NEW REPUBLIC

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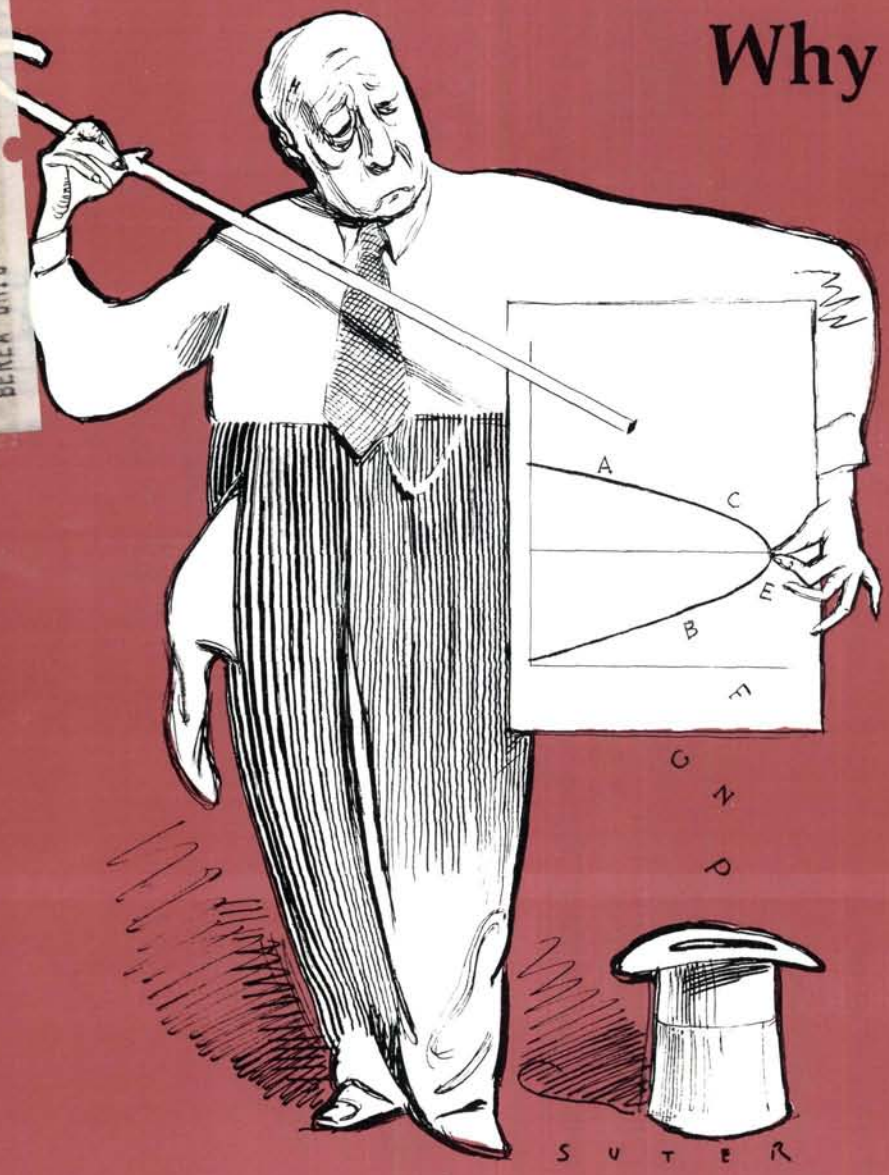

John Osborne on Rosalynn • Simon Leys on China Puffery

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TRB

from Washington
August 19, 1978

The Vandal Congress

As though President Carter didn't have enough trouble already with a rebellious Congress, he is going to retreat to Camp David after Labor Day with Israel's Begin and Egypt's Sadat and try to pull a Middle East peace rabbit out of the hat. The risks are enormous. If there is failure it can't be concealed this time, in which case there could be an ultimate reimposition of the oil boycott, more inflation, more unemployment and possibly war. President Carter's reputation would, of course, plummet some more. Perhaps that is the strongest factor for success in this strange melodrama—the result of failure would be so hideous. Surely, the members of this odd trio of leaders will do their utmost at the Catoctin mountain retreat to patch up an agreement. It could be the last chance.

Meanwhile, the strange story of the struggle between a Democratic president and a Democratic Congress continues. I doubt if anybody outside Washington (or even here) understands the details of this, but the general story is clear. Instead of a two-party system the government is operating under a no-party system. Political scientists have speculated about the consequences of such a stalemate for a long time, having observed it happen recurrently for lame-duck presidents. Laski wrote in 1940, "No democracy in the modern world can afford a scheme of government the basis of which is the inherent right of the legislature to paralyze the executive power." Last year Gerald Pomper wrote, "The ultimate cost of the decline of parties is the loss of popular control over public policies. . . . Yet, if the decline of partisan politics continues . . . the loss will be that of democracy."

Here are some recent headlines that give an idea of what's going on: "No-fault Insurance/Dies for '78"; "Tax Bill Compromise/May be Doomed"; "Hospital-Cost Plan/Shot down by Committee"; "Mayors Try to Salvage/Urban Program on Hill"; "Mondale Affixes/Blame to Congress" and so on. Outsiders read headlines like these and wonder about Washington.

Nearly every day I read two or three critical articles about Carter telling where he has gone wrong, and pointing out his mistakes in strategy (which are grievous). I can't recall reading a really savage, blistering attack on Congress, although Congress hasn't been able to make up its mind yet on the energy package, nor decide what new favors to put into the pending tax bill for the middle class or for corporations, often, it seems, at the expense of the poor. Hysteria sometimes goes through Congress—isolationism under Harding, protectionism under Hoover, witch hunting under Truman-Eisenhower. This new outbreak is of a milder sort: the Proposition 13 Disease, it might be called. The most virulent case, I think, is found among Republicans in a variant known as the Kemp-Roth strain. The hallucinatory symptoms make victims believe they can reduce all income taxes by one-third, in three years, and thereby produce such prosperity as to balance the federal budget! A sad case, surely. GOP national chairman Bill Brock has gone into the manic phase; the Kemp-Roth proposal, he announced on July 6, has brought "the most complete agreement on an economic issue in modern Republican history" and should be the "keystone" for all Republican candidates this fall—"federal, state and local."

Yes, this approaches hysteria. A diagnosis requires a closer look at modern representatives and their environment. Their parties are fragmented, the White House is weakened, committee chairmanships are less powerful, problems are complex, and they are exposed to the anger of single-issue pressure groups. The latter are extraordinarily strengthened by modern technology. Far-right lobbyist Richard Viguerie, for example, is supposed to have the names of four million conservative activists on his IBM computer tapes.

A classic example of how this works is gun control. Polls for 40 years have shown a majority wants restrictions on handguns. There are more handgun murders overnight in the average American city than in Japan for a year. Periodically Americans get worked up about high crime rate and the president names a commission. (There have been three in my Washington lifetime.) They all say the same thing—curb firearms. Nothing is done. Why? Congressmen know that the National Rifle Association from its big fortress here has a bead on them; it can deluge them with letters from their home districts threatening their political lives if they protect the lives of their constituents from handguns.

Representative Elizabeth Holtzman of New York the other day quoted a poll in the *St. Louis Globe Democrat* taken exclusively among women. Seventy-four percent wanted stricter gun controls. This is only the latest poll of many. What chance is there of getting the restrictions strengthened? Little, I believe. Democracy in this instance has broken down.

There is a confusion among parties. In three votes on foreign affairs recently the Republicans saved Carter. A majority of Democrats in the Senate voted against their president on supplying fighter planes to Egypt, Israel and Saudi Arabia, and the same thing happened on lifting the arms sale embargo on Turkey. In each case a majority of Senate Republicans backed Carter and gave him victory. (Jerry Ford actively intervened to bail him out on this.) In the House, too, the Democratic majority voted against its president on the Turkish embargo and the Republican majority saved him in a hair-lash victory, 208-205. Looking down from the gallery in awe, one saw American policy tremble in the balance from minute to minute; two switched votes finally decided the outcome. A funny way to run foreign affairs!

Last April Carter won his big Panama Canal victory in the Senate, 68-32. This was only one vote more than the necessary two-thirds majority. The GOP stoutly opposed him but there were enough Republican internationalists to save his skin. American foreign affairs is touch-and-go in this strange era. Defying Carter, the House last week voted 218-156 for a fifth nuclear airplane carrier to cost $2.1 billion. Opponents call it a "sitting duck." That's a lot of red ink in the inflated budget. Let's write it out; $2,100,000,000 . . . for a single ship.

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THE NEW REPUBLIC

A Journal of Politics and the Arts, Vol. 179, No. 8, Issue 3318, August 19, 1978. Published weekly (except the issues of July 15, August 12, September 2, December 30) and distributed by The New Republic, Inc., 1220 19th Street, N.W. Washington, DC 20036. Phone (202) 331-7494. Single copy, $1.00; Yearly subscriptions, $24; foreign, $27; students $17.

Send all remittances and correspondence about subscriptions, undelivered copies and changes of address to Subscription Service Department, The New Republic, P.O. Box 58, Whitinsville, MA 01588. Copyright 1978 by The New Republic, Inc Item g. Second class postage paid at Washington, DC and additional mailing offices. Indexed in Readers' Guide.

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THE NEW REPUBLIC

August 19, 1978

Oil of ¡Olé!

The US government has been keeping a secret with enormous implications, but now it's out: Mexico apparently has petroleum reserves of 150 billion to 200 billion barrels, making it an oil power potentially greater than Saudi Arabia. The CIA has known about Mexico's vast potential reserves since 1976, but two administrations have concealed this information from the American people and from Congress, apparently to avoid undermining energy policies premised on scarcity and foreign policies based on nuzzling the Arabs.

High officials in the departments of Energy, State and Treasury now confirm that Mexican potential reserves are huge, and some of them even admit the deception. But they claim that the Carter administration took Mexico's resources fully into account when fashioning its "moral equivalent of war" energy policy, which anticipates a world oil shortage by the mid-1980s or 1990. Carter's foreign policy is designed to insure that Saudi Arabia will produce enough oil to overcome the shortages. But these high-level assurances are disputed by subordinate officials, who assert that Mexican reserves never were factored into Department of Energy computer studies of world oil supplies and prices until last month.

Apparently, the people who make policy in the Carter administration did "take account" of Mexican reserves—but quickly dismissed Mexico's potential production as being of minor importance to the world's energy outlook. The administration seems to believe that Mexico and its state-owned oil company, PEMEX, lack the equipment, the technical ability and the political will to produce more than four or five million barrels of oil per day by 1985. Saudi Arabia, by comparison, is pumping 7.5 million barrels a day now and has the capacity to produce 11.5 million. The administration is counting on the Saudis to increase their production capacity to at least 12 million or 14 million barrels a day. Some experts contend it will take 18 to 23 million barrels a day of Saudi oil to save the industrialized world from collapse in the mid-1980s or early 1990s.

We do not think that Mexico's reserves mean the administration can drop its conservationist energy policy or tell Saudi Arabia to go jump in the Persian Gulf. But there is evidence that Mexico's potential production in the next decade has been underrated. Conservative reserve-to-production ratios used in the oil industry suggest that Mexico might be able to produce 10 million barrels a day by 1985 or 1990. Some Mexican government officials anticipate that production will indeed rise to these levels. If it does, Mexican petroleum could be an important factor in holding down world energy prices and in reducing the West's dependence on Saudi Arabia and other OPEC sources.

Right now there is an oil glut. If we play our cards right, there need never be a shortage. This means the special hold the Saudis have had over us can be broken. The United States should be doing what it can to encourage Mexican production. It has been doing so in some ways. But in other ways it has done just the opposite. The Department of Energy's veto of a major US-Mexican natural gas deal this year is a notable example. The administration seems not to have thought very hard, at any very high level, about the opportunities that Mexican oil presents and about the implications for US-Mexican relations. Besides lowering oil prices and diversifying our sources of oil, development of Mexico's oil riches could help to alleviate the poverty in that country and reduce the flow of illegal immigration into the United States. The opportunities, along with Mexico's proximity, suggest that Mexico and the US should develop something better than the "special relationship" that exists between the US and Saudi Arabia—an "extra-special relationship," perhaps. There are plenty of problems in the way. The most serious is a climate of suspicion in Mexico fostered by years of US exploitation, discrimination and aggression. So far President Carter has not even ordered a "Presidential Review Memoran-

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dum" on US-Mexican relations, as he has done on other important foreign relations issues. We think the subject is worth at least that.

Critics of the Carter energy policy (including some within the government) contend that concealment of CIA data on Mexican reserves is part of some nefarious grand design. Some accuse the administration of being so obsessed with "neo-Malthusian" scarcity theories that it is driven to suppress evidence suggesting that the world really has abundant supplies of oil—not only in Mexico, but in Iraq (which also may possess reserves as big as the Saudis') and elsewhere in the third world. Others charge that the administration is so intimidated by Saudi Arabia that it is afraid to explore rival energy possibilities. Still others see evidence of collusion with the major oil companies, which have no access to Mexico. The Mexican revolution nationalized oil production in 1938 and kicked foreign companies out. Still other critics say the administration is unwisely committed to a policy of higher, not lower, energy prices—possibly to encourage domestic production and bring on alternative sources like coal gas.

Without proof, we are not inclined to accept conspiracy theories, but it did nothing for our faith in the administration's credibility or its motives to be told by a high-ranking DOE official that CIA data on Mexican reserves were concealed from the public and the Congress because "these are areas where people can lose their lives." Getting energy data—even for the CIA—is not a high-risk occupation.

We sympathize up to a point with administration contentions that it would have been undiplomatic for the US government to publish figures on Mexican oil that would have been wildly different from the Mexican government's own figures, especially on a topic as uncertain as potential oil and gas reserves. Ever since it got caught making oil claims in the 1960s that didn't pan out, Mexico has been extremely cautious, even secretive, about its estimates. Even now, PEMEX's official statement of wealth includes "proved" reserves of 16 billion barrels (expected to be revised to 18 billion or 20 billion within a few months), plus "probable" reserves of 31 billion, for a total of only about 50 billon. By comparison the CIA puts Saudi Arabia's oil reserves—proved, probable and potential—at 150 billion barrels.

Officials at Treasury, DOE and State confirmed last week that the latest US estimates of potential Mexican reserves are in the range of Saudi Arabia's proved reserves. One Treasury oil expert said it is commonly believed in the oil industry that Mexico's potential may run as high as 200 billion barrels, and some estimates go as high as 280 billion barrels. A top official in DOE said he has seen upper-limit estimates for Mexico that run as high as 300 to 325 billion barrels, but that he considers estimates of 100 to 160 billion as reliable. He said that figures like these have appeared in secret government reports for at least two years. "There's no news in these numbers," he said. A former national security aide to President Ford confirmed that the CIA began reporting "enormous" Mexican reserves in 1975 or 1976.

The Mexican government has been speedily upgrading even its own cautious estimates. Before 1972, when PEMEX began exploring its Southeast oil fields, Mexico set its reserves at only 3.5 billion barrels. In the six years since then,the certified figures have risen by more than 360 percent. Alvaro Franco, an expert on PEMEX at the International Association of Drilling Contractors in Houston, says that all the Mexican figures are "extremely cautious and ultraconservative." He explained that there are about 350 known oilbearing geological structures in two of Mexico's newly discovered petroleum areas in the Southeast. They are waiting to be drilled and tested. In the Bay of Campeche alone, there are 200 identified structures. Ten of these have been drilled and eight have turned out to be producers. He said the oil is being found in geologic pockets so thick that each one contains large quantities. If the "tremendous success" the Mexicans have had in drilling since 1972 continues, he said, then the country has "way, way more" than the 100 billion to 120 billion barrels of petroleum that some Mexican officials privately acknowledge as their estimate of potential reserves.

Even if Mexico turned out to have only 60 billion barrels of oil, it could have a major impact on the world energy market. The oil industry considers it conservative to plan on producing one barrel of oil a year for every 20 barrels of estimated reserve. By that measure, Mexico could easily pump out eight million barrels a day—half a million more than Saudi Arabia produces right now. Mexico actually produces 1.3 million barrels a day, and is working to increase output to 2.2 million by 1980.

In spite of Mexico's potential, both the Ford and Carter administrations seem to have made deliberate decisions to discount Mexican oil in charting US energy and foreign policy. Having made this decision, these planners seem to have decided to keep quiet about the Mexican reserves in order to avoid having the figures available to refute their judgment. Why did the energy planners decide to ignore Mexico?

A former Ford administration official said that the CIA information came in too late for the Republicans to do much with it. He said the policies of former Mexican president Luis Echeverría did not give much hope for expanded Mexican production or cooperation with the United States. President Carter has developed much warmer relations with Mexico's current president, José Lopez Portillo, who is regarded as a businesslike planner and administrator. But administration policymakers still seem convinced that Mexico can't or won't produce up to its potential.

(continued on page 8)

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Correspondence

Big break for phrenology

To the editors:

Eliot Marshall ("It's All in the Mind," *TNR*, Aug. 5 & 12), like the APA, misses the point. Neither the financial self-interest of psychiatrists nor the prejudices of anti-psychiatrists have much to do with mental illness and its treatment. What worries me is that these two groups will succeed in killing each other off. If that happens, psychiatrists will simply go into other specialties where there's more money and less criticism. People with mental illnesses then can choose among astrologers or Indian mystics for their treatment. Or perhaps blood-letting will come back into fashion.

The question is simply this: Psychiatrists are the most competitively selected and comprehensively trained of mental health practitioners. If they do not direct treatment, who will?

William S. Greenfield, MD
Philadelphia, Pennsylvania

Itchy trigger finger

To the editors:

Let me first congratulate you for your comment on the steel import trigger price embarrassment ("Steel Trap," *TNR*, July 22). However, I feel you have failed to show just how embarrassing these measures really are. In Japan it is of paramount importance to appear in a state of honor, to be worthy. The American tradition has been to face up to one's shortcomings and to overcome the failures. The Japanese recognize shame, while Americans recognize guilt.

So of what use is this trigger price scapegoating? American steel production has been growing decidedly antiquated for a decade and little has been done to rectify the situation. Unions have been granted their demands and management has been granted its price increases, at times without even a show of reluctance from the administration. Meanwhile, the rest of the world has surged ahead in efficiency. What I particularly object to in the face of these near sins is the accusation of unfair business tactics aimed at the competition, accusations which amount to no more than propaganda.

American producers protest minimal supports for foreign producers by their own governments while demanding that our government provide even greater artificial supports (artificial in that they are independent of supply and demand economics) for domestic production. American steel producers claim that foreign producers are at an unfair advantage because they do not have to ship via American flagships. Do the Japanese, or the Germans, demand that our exports be shipped via their respective fleets? In hearings conducted by the FTC American producers claimed that the Japanese established cartels to control prices. They objected to this as an unfair advantage to the Japanese. Yet these cartels usually, if not always, operated for the same purposes as most American price fixing cases, to hold prices up and to restrict production. Obviously, the cartels should have been to the advantage of the domestic producers. It is only a World War II paranoid mentality which envisions the Japanese attempting to undermine the viability of the American steel industry in order to rape our country with higher prices once they have control.

But what makes the trigger price program most embarrassing is that while we accuse the Japanese and the Germans of "unfair" (and I have heard the term "illegal" used in this context too often) practices, these are precisely the nations we are begging to support our battered currency, to move their production facilities to our country, and to purchase our overpriced exports. I see neither the proof nor the logic.

The time has come for American industry and government to admit guilt and to cease its embarrassing scapegoating. It is protectionism and failure to modernize, along with greed and failure to control inflation, that has been the nemesis of the American steel industry, not an imaginary "yellow peril." We cannot allow American industry to react to good faith compliance to our demands based on false accusations by raising the price of steel. The American steel industry is cutting its own throat, and it is doing it with a knife made from domestic steel.

Michael A. Zerwas
Portland, Oregon

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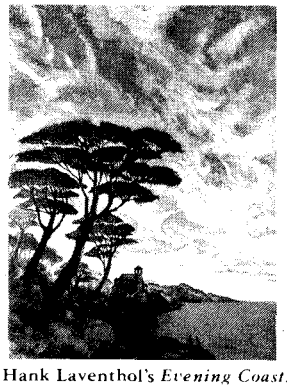

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The "Mexico can't" school prevails at high levels of DOE, where some officials believe that only a US-style integrated oil company can move quickly to develop oil fields like those in Mexico. One DOE executive bluntly disparaged PEMEX's ability to manage the job. He spoke of the "Mexican theology of not allowing oil companies to meddle with the national patrimony." He said, "Given the limitations of PEMEX, to put it kindly . . . you're just not going to see the kind of dramatic impact that those reserves figures would indicate." PEMEX does not have the managerial know-how, the "systems approach" and the new technology that the major companies have. The Chinese, this official said, are going about things more sensibly by inviting in Western companies as partners. The Mexicans, because of their stubborn hostility toward oil companies, probably will be able to produce no more than four or five million barrels a day by 1985. Needless to say, the major US oil companies see things the same way.

Other US officials belong to the "Mexico won't" school. They say there are powerful political pressures in Mexico to develop oil production slowly, even though 51 percent of Mexico's workers are unemployed at least some of the time and it takes 800,000 new jobs a year to keep the unemployment rate from rising. The Mexican elite, which enjoys a share of national wealth as disproportionate as any in the world, is not interested in rapid, inflationary and socially dislocating growth. Leftists want to keep Mexico's oil riches in the ground, where they think it will increase in value over time. The leftists especially do not want Mexico to produce its oil to satisfy the appetite of the United States.

There is still another school in the administration, which holds that Mexico inevitably will produce up to its capacity—provided that the United States' actions do not create a Mexican political backlash. "It's like a fruit tree," said a State Department official. "If you don't shake it too hard or too fast, pretty soon you'll get nice fruit. There is a natural symbiosis here. We are Mexico's natural market for oil. They are our natural supplier. If we play it cool, a nice relationship could develop naturally. But we could mess it up if we are too eager to tell them what to do."

Since it is obviously in the US national interest for Mexico to produce as much as possible, what should the United States do? We already are offering capital and such technical expertise as Mexican pride will permit it to accept. We also ought to avoid botches like last year's natural gas fiasco. PEMEX and a group of American companies thought they had concluded a deal to build a pipeline across the Texas border and move Mexican natural gas into the US, only to have it aborted by the US Department of Energy. Administration officials acknowledge that domestic US considerations forced the action. The American companies and PEMEX agreed on a price of $2.60 per thousand cubic feet, which is more than domestic US gas producers are paid and more than Canadian exporters get. If the deal had gone through, Congress certainly would have rejected President Carter's energy plan, which calls for US gas producers to get $1.90 per thousand cubic feet. American officials claim that negotiations with Mexico will resume when—and if—Congress enacts an energy bill. But meanwhile, Mexico is offended and has decided to use its natural gas for domestic utilities, industries and even city buses.

If the United States wants more energy production from Mexico, there are things that Mexico wants from the United States. These include free immigration across the Rio Grande and lower trade barriers against Mexican agricultural commodities. There are obvious opportunities here for tradeoffs, but the negotiations will have to be conducted delicately and at a high level in both governments. President Carter should consider appointing an experienced and prestigious official to a special office for US-Mexican relations. But, first the administration should decide how it wants relations between the countries to proceed. One thing that US-Mexican relations surely could use is a change in people's attitudes on both sides of the border. The United States cannot treat a rich Mexico with contempt. And Mexicans need no longer remain paranoid about the "colossus of the north." US public attitudes toward Mexico are less likely to change, however, if the US government persists in keeping Mexican oil wealth an official secret.

White House Watch

Rosalynn

Jimmy Carter's Cabinet meeting on August 7, the 53rd that he has convened, had been going for some 40 minutes when his wife entered. Only one chair in the room, either at the long black table or along the walls where the underlings sit and Rosalynn Carter usually sits when she attends, was empty. It was the Vice President's chair at the center of the table, opposite and facing the President's chair. Nobody is supposed to use the Vice President's chair when he is away, as he was that morning. Rosalynn slipped into it and listened and took notes through the rest of the meeting, saying nothing to the President or anybody else. When she returned to her office in the East Wing of the White House, she was in the state of mind that her staff director and press secretary, Mary Hoyt, calls UP. Rosalynn said that it had been a great meeting, one of the best. Others who were there explained why she would have thought so. The discussion of topics suggested by the President had been lively. At the end

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he had delivered a brisk analysis of his and his administration's situation, which he did not pretend was good, and an optimistic summary of the steps he intends to take and expects others to take in order to improve matters. What it came to was that he expects everybody to work together, speak together, be supportive, and get across the message that this is a good presidency and is going to be a successful presidency.

That is Rosalynn Carter's message, too, and she has had much to do lately with making it the central White House message. Toward the close of an interview on August 2, she was asked whether she really expects things to turn around for the President and the administration—"by 1980, specifically." The interviewer suddenly understood why she was called the Steel Magnolia in Georgia and has been called the Iron Lady in Washington. She is slight, slender (5'5½"; 118 pounds) earnest and on occasion intense, but not stuffy. She was seated at her small desk in her small office on the second floor of the East Wing, on the Pennsylvania Avenue side of the White House. She stiffened, seemed almost to freeze. Her eyes—brown, hazel, blue-green depending on mood and dress—narrowed and hardened. Her voice, southern and soft and low, dropped to a whisper. She repeated the question as if she couldn't believe it had been asked. "*Turn around*?" she murmured. "*Of course*!" she said. Then she relaxed a little. Her voice lifted. She rushed into a characteristic monologue that said a lot about her, her Jimmy and their exaggerated and in some respects damaging notion that they started, practically invented, presidential attitudes and policies that in many instances predated them. Rosalynn speaking:

"The polls have stabilized since last April and I think we're starting up. And the only reason we went down was because there were so many problems that were just here and somebody had to be courageous enough to tackle them. You make enemies doing that. But Jimmy has never, that has never bothered him. He couldn't care less. You'd be amazed at how unconcerned he is about polls and the press. Because he knows he's doing what he can, and he acts like he did when he was governor of Georgia. He puts his program in and if he doesn't get it this year he comes back next year. And I think that when Jimmy was elected, expectations were high. People just thought everything was going to change. You can't change overnight. What Jimmy's doing takes time. But it's going to start. It takes time, you know, to go through the process. Things are going to start happening and I think people are going to see it. Jimmy is a (pause) VERY (pause) STRONG (pause) person. He is NOT indecisive. He is VERY decisive. He makes up his mind about things. He knows what he wants. He's very competent. He knows what's going on. There's no way he could function without knowing what's going on."

Here Mrs. Carter—everybody at the White House says Rosalynn, pronounced Roserlin, but her people say "Mrs. Carter's office" or "First Lady's office" when answering telephones—veered to a concern about the President's reputation that she hadn't been known to feel so deeply. "Unlike you might believe," she said to the interviewer, "he does NOT sit down and study every minute. He does NOT go back to the office at night. He stopped that in April of last year. He takes his evenings off. He plays tennis in the afternoons. We go down and bowl in the bowling alley. We see movies at night. Jimmy has always worked hard, but he has always built in time to relax. He has always insisted on knowing what's going on, and that was why he was a good governor of Georgia. He'd know more about the programs than his department heads did. Well, you can't do that to that extent in the federal government, it's so vast. But you can have an idea of what's going on. You can know enough to know that it's going in the way that you think is important."

It's true that around April 1977 the President stopped going back to work at his office night after night. Whether that made him any less of a workaholic is questioned at the White House. He advanced his morning wakeup call from 6 a.m. to 5:30, occasionally turns up in the Oval Office and his adjoining workhole as early as 5:30, and reverts to night work when he's preparing for a foreign trip, a foreign leader's visit or some other demanding prospect.

Rosalynn Carter's vigorous expression of her belief that her Jimmy is wrongly perceived dates back to last December, when she said as much to Barbara Walters of ABC. She said it again in a recent and widely quoted interview with *New York Times* correspondents and editors. It conveys an impression that she blames the printed press and electronic media for misrepresenting her husband and that she is really saying that his and the administration's difficulties would end if only he and his programs were correctly reported and interpreted. That is a common view at the White House and she seems to this reporter to share it more than she realizes. Let her speak for herself: "I have never blamed the press as such because I think the press on the whole

Vatican Watch

Coming Next Week:
William F. Buckley on issues facing the next Pope

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has been fair. Some opinions about Jimmy have developed that aren't accurate because of some of the things. But that's just the way reporting is. Everything that gets to Jimmy's desk is very controversial. There are very strong feelings on both sides. And when Jimmy decides, it doesn't matter how sound the decision is, you're going to hear from those who lost. And that's what's going to be portrayed. So you don't get the idea that Jimmy made a very sound decision. You get this division." She was asked, "Does that bother him as much as it bothers you?" She answered: "He couldn't care less. He's not concerned about it. And I expect it. But I want people to see the other side, too. So I have never blamed the press because I understand the process and understand how it happens. I also read historical novels and it's all sort of familiar." Saying this, she laughed.

Her account of how and why she helped the President persuade Gerald Rafshoon, a professional communicator from Atlanta who was Carter's media specialist in his gubernatorial and presidential campaigns, to join the White House staff last July 1 is illuminating in several respects. Again, Rosalynn speaking:

"One day we were sitting around talking and I told Jerry I wished he would come on the staff. I thought it was important, and Jimmy did, too. We are doing *such* great things and people don't know about them. And I thought we needed somebody to think about doing things. For instance, we started out doing fireside chats and the telephone call-in and things that I thought were good and Jimmy would say, 'now I want to do another town meeting and another fireside chat,' and nothing would happen because there was nobody there that had time to do those things. So we just slipped by without doing them and I felt like we needed somebody who could just kind of plan and get the message to the people about what we were doing. Because when you've got that support out there and people know what you're doing, you can accomplish so much more. And people don't know. Jimmy got passed that economic stimulus package, the biggest one ever, and nobody even knew it and nobody even knew that unemployment was coming down. People don't know that we got the largest education bill EVER, the largest fund for education EVER. So I just wanted people out there to know what we were doing and to be supportive."

True enough, Rafshoon has time and authority to plan, direct and coordinate promotional exercises that nobody had when he joined up. But the notion that "nothing happened" because nobody was there to make it happen is unreal. Chief assistant Hamilton Jordan, Press Secretary Jody Powell, media adviser Barry Jagoda (at outs with Rafshoon and soon to leave or do something else at the White House), schedulers Phil Wise and Frances Voorde were among the many, maybe too many, people who were there to do whatever Jimmy wanted done. He decreed at the start of his first year that travel and therefore town meetings were to be held to a minimum. A considered desire to avoid overexposure of the President, not to mention a dearth of agreed and promising subjects, held down fireside chats and call-ins. It is evident that some of the occasions—offhand meetings, conversations with Jimmy in the evenings or on weekends at Camp David, even her weekly luncheons with him in the Oval Office—when "we" discussed doing this or that were not the occasions for decision that Mrs. Carter thought they were.

How much and what kind of influence—clout—does she have? Here are three answers from the President, from his wife and from a White House assistant who has worked with Mrs. Carter on disputed issues of great concern to her. At a town meeting with citizens in Spokane last May, discussing the mental health study and report that was Rosalynn Carter's primary interest until recently and is still a major interest, the President said he wanted to carry out all of the report's 117 recommendations. He continued: "And the best lobbyist in the United States will be there with me every day and alongside of me every night to remind me that I have a responsibility to the mentally ill people of this country." Nuff sed, anyone might say in a broader context. Rosalynn says more:

"People have written that I'm Jimmy's greatest adviser, and so forth. I'm not. But I talk to him about all the things he's trying to do. If there's something that involves the elderly, women's issues, the mentally ill, things that I know about, that I feel I can advise him on, I do it. And he trusts my opinion because he knows that I've worked on these things for a long time. I don't even try to advise him on a lot of things. But I can talk to him about what I feel ought to be done. He talks to me about welfare, tax reform, and I tell him what I think about it. I don't say, do this or do that, I've never done that. And (laughing) I'm not saying that he always does what I want him to do. But he always listens."

In early discussions of the upcoming (1979) federal budget, the President approved a proposal to apply a general hold-down policy to mental health programs for which appropriations had been doubled in the previous budget. Mrs. Carter argued strongly for an exception for mental health. Involved officials say that throughout the heated debate she said she respected their judgment and never once said they had to give her what she wanted or she'd talk to the President about it. They decided that she had a sound case and that going along with her would be sensible. The President reversed himself and recommended mental health increases amounting to about $42 million. One of the assistants was asked what if anything the episode told about her clout and her use of it. "To be honest with you," the assistant answered, "I don't know. My impression is that we don't test whether she has clout or not. So, by definition, she does have it." A test in the

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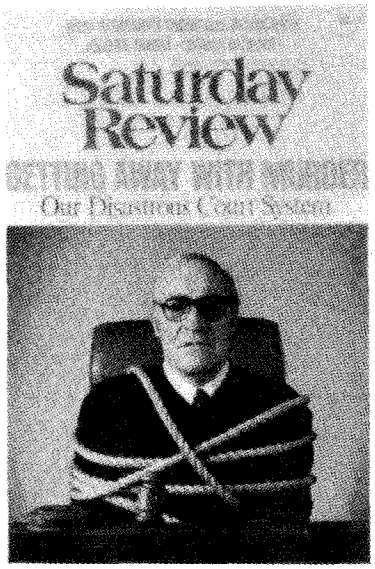

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same mental health area may be near, however. It's hard to see how some of the recommendations in her cherished mental health report can be reconciled with the President's declared intention to hold down the next budget.

Junior to senior White House officials consulted for this account agreed that they like Mrs. Carter as a person, that she works tremendously hard to master issues that interest her and that she has a keen sense of politics. A point made about her is that she's probably more involved in substantive issues than any President's wife since Eleanor Roosevelt. She intends to do a lot of mid-term campaigning on her own this fall and her talent for politics is a frequent subject of White House chatter. Patrick Caddell, the Carter poller, said of her: "I think her political perceptions and judgments are very good. She's extremely shrewd, her instincts on people are generally good and during the campaign I found her to be a tremendous help, particularly in problems that needed to be brought to Jimmy's attention. When we were trying to get him to decide something that was very tough, she played an important role." He was asked, does that remain true at the Carter White House? "I think it does," he answered. "In fact, I know it does."

On the margins of memoranda circulated to his staff for comment, the President sometimes scribbles, "Ros, what think?" More often, he'll say to his assistants that Rosalynn thinks this or that about this or that. It is evident to them that what Rosalynn thinks is important to him.

John Osborne

The issues divide the candidates, but a scandal distracts the voters.

Number-One Friend

Hawarden, Iowa

The way Republican Senate nominee Roger Jepson sees things, Iowa is one place where the voters will have a clear-cut choice this fall. In one corner is Dick Clark, a one-termer whom Jepson depicts (and the ADA certifies) as the Senate's leading liberal, a flagrant deficit spender, part of a post-Vietnam Congress that has produced more regulation, more inflation, more taxation, more control and less productivity. By Jepson's lights, because defense is the one area Clark *won't* vote more federal money, Clark is part of the reason that the US is now a second rate power or even less. Then there is the matter of Africa, one of the incumbent's pet issues. Jepson claims that Clark stands four-square for the terrorists who are attacking the Christian coalition government of Rhodesia, where he's been especially helpful to the Soviet Union and its Cuban allies. Besides all this, it turns out that Dick Clark is also Jimmy Carter's strongest supporter in the Senate. Now all this may seem to you an extreme depiction of Dick Clark's record, but his opponent feels entitled to a little partisan license.

In the other corner is Jepson himself, a former two-term lieutenant governor who retired from politics for the past few years in favor of private business. Unlike the incumbent, Jepson supports the Kemp-Roth tax-cutting formula, supports a balanced budget and supports the B-1 bomber without any overall increase in defense spending. He opposes any further increases in the debt ceiling, was against giving up the Panama Canal and favors getting tough with the Ruskies, all of which he considers to be the stuff of basic Republicanism and a moderate, common-sense alternative to the ultra-liberal Clark. Jepson figures that on the issues, the national tides are running his way. "Prop 13 generated a whammo," he says. Most of his campaign rhetoric consists of anti-government slogans or made-over homilies. "The government that governs best governs least," he told me over breakfast in a West Des Moines motel, adding, "Frankly, government has become a substitute for God."

Handsome, sober, silver-haired, Jepson looks the part of a senator. His record of five statewide races with no losses indicates he's a formidable campaigner with a solid base in his own party. He filed three minutes short of the deadline for the June 6 primary, then easily ran over the candidate endorsed by Iowa's popular Republican governor, Robert Ray. Jepson's biggest task, he figures, will be to tie Dick Clark down to his own record: "He talks one way to Iowans and votes another way in Washington," says the GOP nominee. To help Jepson nail Clark, presidential aspirant Phil Crane already has made a campaign stop in Iowa and Ronald Reagan and Gerald Ford are both scheduled to visit before election day.

That's how things stack up to Roger Jepson, but even in Iowa, where politics are usually as straightforward as Sunday school (and this candidate is at least as sincere as the teacher), things are not exactly as they seem. For one thing, Jepson himself is a little farther from the ideological mainstream than he wishes to be characterized for the general election. In the primary, he ran as "the Right Republican for Iowa," meaning exactly what he said, because conservatives usually control the GOP's primaries here. His fundraising and voter mailings were handled by conservative direct mail expert Richard Viguerie, a man who personally screens every candidate he assists. Jepson received routine endorsements and contributions from plenty of New Right political action committees within the Viguerie orbit. Jepson proves to be elusive about issues. More

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often than not he skirts details of his own proposals—on tax cuts, for example, and projected cuts in government spending—by saying he currently lacks the facts to be more specific. How will he build the B-1 without increasing the defense budget? He can't say right now. Jepson also is a fast man on the backtrack. He announced that he was for turning the social security system over to the private sector, for instance, exhuming an old Barry Goldwater idea dead since 1964. In the abstract, Iowans *don't* favor big government, but the state ranks third in the nation in over-65 population, and one program these voters specifically favor is social security—as it is. When the firestorm hit, Jepson blithely denied he'd ever mentioned it. But for once he had been entirely specific in his formulation and reporters had it all on tape.

One problem that Roger Jepson chooses to minimize is his strained relations with Governor Ray, who is heavily favored to win a fifth term. As Ray's lieutenant back in 1971-72, Jepson announced he was going after the governorship himself and would oppose Ray in a primary if necessary. Jepson failed to force Ray out and ultimately backed down himself and began his temporary political retirement. But relations between the two men were permanently scarred. Though Ray and Jepson have papered over the past temporarily, they represent different wings of the party and differ sharply on issues like abortion, capital punishment and ERA. At best, the Iowa Republican ticket is a case of repressed political schizophrenia, which may still be a factor in this campaign.

As for the incumbent, Clark, one statistic comes readily to mind: No Democrat has been reelected to the US Senate from Iowa—not ever. The highly reliable Iowa Poll showed Clark's approval rating off sharply from 70 percent in January 1977 to 52 percent early this year. Among farmers, the state's basic political barometer, Clark dipped from a high of 75 percent to 45 percent. Many Democrats believe it had something to do with President Carter. Indeed, Dick Clark is, as Jepson says, Jimmy Carter's number-one supporter in the Senate, and Clark was told as much by none other than Carter himself when the president visited Iowa late last year. Having so said, Carter mounted the podium, made a speech and failed to even mention Clark's name.

Carter himself began with a strong credit balance among Iowans. He began his campaign for the nomination with a good showing in the Iowa caucuses, campaigning on the theme that he was a farmer, that he understood the problems of farmers and that with Carter in the White House, farmers would have a friend in Washington they could trust. He inflated expectations. As they say out here now, shaking their heads in disgust, "Yeah, you bet!" The deterioration of Carter's popularity in Iowa matches his national standing, only more so. In a drop that can be compared only to Nixon's velocity, Carter is in an unrelieved slide from 80 percent approval (85 percent among farmers) in April 1977 to 39 percent (farmers, 32 percent) in the Iowa Poll released on August 6. What do these numbers mean for Carter's chances to recapture the 1980 caucuses? One veteran and neutral political observer offers this assessment: "Jimmy Carter is dead out here and there's no way to revive him."

Set that aside for the moment. What do the numbers mean for the president's number-one supporter in the Senate? Well, if not a divorce, at least a trial separation. Clark is a bit more overt in stressing his differences with the administration as the campaign heats up—disagreeing about farm policies, opposing the Middle East arms package and questioning possible military involvement in Africa. The numbers also mean that when you ask Clark's strategists whom they've invited in as the star attractions to offset Reagan and Ford this fall, the first name they mention is Senator Edward Kennedy.

Actually, Dick Clark got a little backhanded help from his friend in the White House early in June, when the administration announced that as an anti-inflation measure it would permit new imports of two million pounds of beef. The announcement came at a time when beef prices were up slightly and after cattle feeders had lost money for 15 of the previous 20 quarters. Iowa is the second-ranking beef producing state in the country and cattle production is the second most important economic activity here. The administration's import decision hit an already jittery cattle market like a thunderbolt. One cattle feeder said, "It cost us $10 per hundred-weight on fat cattle overnight. When you've got a thousand-pound live animal, which is average slaughterweight, that's $100 off each steer right now!"

How did Carter's decision help Clark? It gave him a legitimate reason to fight with Jimmy Carter on behalf of Iowa's farmers, and he got a lot of press doing just that.

Dick Clark's own polls confirm Jepson's opinion that the issues that comprise this year's constellation of discontent—anti-inflation, anti-tax, anti-government—are more severely felt in Iowa than almost anywhere else. As a result, observers at a recent gathering of the American Federation of State, County and Municipal Employees out here heard a liberal

Next Week:

Henry Fairlie on the redefinition of women

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incumbent senator up for reelection explain that we simply can't spend our way out of everything, that we have to get a hold on the federal budget and, yes, indeed, there is a lot of fat to be trimmed. One listener said, "It was Dick Clark sounding like a moderate Republican." Clark also stopped by Joe Califano's office the other day to head off any HEW tampering with the rules of Iowa girls basketball, a sacred local obsession over the long winters. That earned him plenty of coverage on the state's sports pages and a *Des Moines Register* editorial trumpeting, "Right on, Senator!"

It all seems to be working. Anticipating an anti-incumbent backlash, Clark spent more than a hundred days in Iowa last year. He apparently has bottomed out of his slump in the polls, particularly among farmers. While his current ten-point lead over Jepson is frail at this point in the campaign, Clark is confident at least that the momentum has shifted.

For the past two weeks, Dick Clark has been able to campaign by saying very little, profitably yielding the headlines to the weirdest political scandal to hit this state in a long while. It started with sworn allegations by a former employee of the State Commission for the Blind that the commission's former director, Kenneth Jernigan, had assembled an arsenal of automatic rifles, ammunition and hand grenades as a self-defense measure back in the days of urban riots and anti-war demonstrations. To purchase his silence about the weapons cache, testified the employee, Jernigan persuaded Roger Jepson, a friend and business associate, to sign a bank note for $25,000 secured by a $5000 certificate of deposit provided by Jernigan. As icing on the cake, Jepson failed to report the loan as required by federal campaign laws.

Jepson claims he knew nothing of the arsenal (which is disputed by other witnesses), that he was merely doing a favor for a friend and that the entire episode is a smear inspired by Democrats and fueled by the only newspaper of statewide circulation, the *Des Moines Register*, as part of its support of Clark. People out here are genuinely appalled at the idea of a blind man with a paramilitary paranoia stockpiling machine guns and hand grenades in a state agency. Regarding Jepson, they take the attitude that where there's smoke, there's probably fire. And they figure there's more to all this than just a Democratic smear. As for the *Des Moines Register*, it has indeed been unrelenting in its insistence that Roger Jepson own up to every particular of his involvement in the whole episode, which he has not yet done.

Nowhere in the country this year is there a Senate race where candidates are more clearly divided on the issues of the day than they are here in Iowa. But this state's voters may never get around to deciding the election on the merits of those issues if they cannot first sort out what kind of a man is Roger Jepson.

Ken Bode

Right-to-lifers go after the March of Dimes.

Embattled Genes

Genes are the blueprint for human life. There are between three and four million genes in every cell, each one responsible for directing a specific cellular function. Genes decide our sex, our race and the color of our eyes. They also determine how susceptible we are to cancer, schizophrenia and perhaps even alcoholism. More than 2000 diseases are now known to be hereditary—passed on from parents to children through the genes—and countless others may be linked indirectly to individual genetic makeup. Because genes are so central to the process of creation, scientists have been struggling for years to understand how they work—and how they malfunction. It is the genetic failures—the "mistakes" in the blueprint—that produce horrible diseases like sickle cell anemia, Tay-Sachs, Down's Syndrome (mongolism) and cystic fibrosis.

Genetic research is still a relatively new field of study, in which breakthroughs come rapidly. Doctors can now determine the sex of an unborn child, as well as the existence of certain birth defects, simply by examining the fluid that surrounds the fetus in the womb. Recently, scientists succeeded for the first time in isolating a single gene; soon it will be possible to examine specific genes for potential defects. Geneticists also are at work on more exotic projects, including cloning and recombinant DNA research. The latter produces the mutation of organisms and may someday create new forms of life.

Public policy has not kept up with scientific advance. While the issue of regulating genetic research remains unresolved, public debate is turning to the next problem: applying our new genetic knowledge to individual lives. Congress has equivocated about committing itself to federal funding of genetic health services and genetic education for laymen. In 1975 Congress approved the National Genetic Diseases Act, which authorized three years of support for genetic counseling and education. But then it failed to fund the program for its first two years. This year, eight million dollars was finally appropriated—"a drop in the bucket," according to one genetic services administrator. A reauthorization amendment, which would provide up to $45 million annually for such programs, is on the Senate agenda as part of an omnibus health care bill. Most basic genetic research is funded separately through the National Institutes of Health.

Government funding for genetic health services would take the burden of supporting genetic services programs off the March of Dimes, which has been a pioneer in the area of genetics and birth defect research. Many new genetic services centers, started

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with March of Dimes seed money, are reaching the end of their five-year funding period. The centers provide testing and counseling for individuals regarding genetic diseases. These services include analysis of family genetic histories, advice to couples found to be genetic disease carriers and—most important—amniocentesis: an examination of the fluid surrounding a fetus to determine the existence of certain birth defects. The March of Dimes wants the government to start contributing heavily to these centers, so it can allocate its money to other areas of birth defect research. Because the centers offer amniocentesis tests, both they and the March of Dimes itself have come under strong attack from the right-to-life movement. Members of the campaign against abortion claim that amniocentesis has been used in a "search and destroy mission against unborn children." The right-to-lifers say they don't oppose amniocentesis itself, but only its role in counseling abortion when a woman is found to be carrying a fetus with a potential birth defect. The March of Dimes argues that it cannot regulate the advice given by doctors at the centers. But the right-to-life groups hold the organization responsible, and have tried with some success to organize a boycott against it.

A small furor erupted several months ago when the right-to-lifers claimed that their boycott was responsible for the March of Dimes' decision to curtail its funding of genetics centers. The March of Dimes denied that right-to-life pressure was responsible. The organization asserted that the programs had simply reached the end of their grant period. The March of Dimes reaffirmed its commitment to genetic services and indicated that it would continue its current level of support next year. But many people believe that the right-to-life movement is having a discernible impact on genetic birth defect research and service centers. "Psychologically, the right-to-lifers have had a huge impact," says Nancy Wexler, chairwoman of the commission for the control of Huntington's Disease at the National Institutes of Health. "They're enough of a threat to make people anxious and upset and timid about being associated with genetics research."

The amniocentesis test is given primarily to pregnant women with good reason to worry about birth defects. These include women with past histories of genetic disorder and older women, who face an increased risk of giving birth to a child with Down's Syndrome. Since almost 98 percent of the tests indicate the existence of a healthy baby, it's very likely the existence of amniocentesis actually reduces the number of women who decide to terminate their pregnancies by abortion. But the controversy centers on the very small number of women who find out by this test that they are carrying defective fetuses. The March of Dimes and others who support amniocentesis say that the decision to abort the fetus is made by the mother, and that genetic counselors at the centers offer abortion as only one of the options open to the women. Sometimes, depending on the nature of the birth defect, treatment of the fetus is possible. Counselors are also prepared to help families make provisions for coping with a defective child, should the mother decide to continue the pregnancy. The National Right-to-Life Committee counters with a poll alleging that more than two-thirds of the doctors performing genetic counseling for the March of Dimes would "advise termination of the pregnancy" if the fetus were found to be defective. Considering the personal and social costs of defective births (it takes $20,000 to $40,000 a year to care for a Tay-Sachs child until its inevitable death within three to five years), such advice is understandable.

Although right-to-life groups claim that they don't oppose amniocentesis itself or genetic counseling that doesn't advise abortion, their literature and their rhetoric make no such subtle distinctions. Amniocentesis is only one relatively small part of the services provided at genetics centers. The right-to-lifers have ignored a majority of the valuable programs they offer. Geneticists at the centers trace family histories to determine if the potential for birth defects exists. They identify carriers and explain the risks of genetic recurrence to affected couples before any pregnancy occurs. They advise on contraception. They prepare families for the arrival of a potentially defective child. This last service is extremely important because the arrival of a defective child can place enormous pressures on every family member. As one indication of the emotional toll such births take, the divorce rate among couples with a defective child is four times the national average. Also, the prompt diagnosis of certain birth defects improves the possibility of successful treatment once the baby is born.

Some people associated with genetic services are concerned that the right-to-life linkage of amniocentesis with abortion will discourage women from seeking genetic counseling. More immediately, they are concerned about the financial survival of the centers, and their ability to provide subsidized care to poor families. The March of Dimes has made clear that it cannot be counted on much longer. The reauthorization of the National Genetic Diseases Act could make the difference, but Senate conservatives may try to vote it down unless anti-abortion provisions are included. One suggested amendment, which would be supported by right-to-life organizations, would prevent federal funds from being used to counsel abortion at the centers. If amniocentesis indicated the existence of a defective fetus, doctors would not be allowed to even suggest abortion as one available option. "We want to be sure that genetic services don't lead to abortion," says National Right-to-Life Committee spokeswoman Judie Brown. She admits that such an amendment would be hard to enforce, but said the centers could be "monitored."

In their passion to create a "pro-life mentality" in this

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country, members of the right-to-life movement are discouraging people from seeking crucial genetic counseling, which could save them months or years of heartbreak and anguish without abortion ever becoming involved. They also are threatening the financial stability of the fledgling genetic services centers, though it is difficult to determine how seriously. As in the case of abortion clinics, these centers are especially important for poor families. Wealthy women will always be able to afford abortion or amniocentesis. For the poor, who often need such services the most, it is harder.

Neil Pickett

Fantasies of the new conservative economics.

Alms for the Rich

by Michael Kinsley

In 1972 Jude Wanniski went to work as an editorial writer for *The Wall Street Journal*. "Fortunately," Wanniski writes in his recent book, *The Way The World Works* (Basic Books), "I came to the editorial page in 1972 ignorant of all economic dogma." He became interested in taxes; possibly he was paying more of them than he had in the past. At some point Wanniski had a dazzling—one might even say blinding—revelation. It took the form of a conservative paranoid fantasy. What if the government raised taxes to 100 percent and took away every penny people earned? Why, people might not bother to keep working, Wanniski reasoned, and the government—serves it right!—would end up with no money at all. Furthermore, he reasoned backward, the only way the government could get out of this bind and increase its revenues would be by *reducing* taxes.

This insight about high taxes had an effect on Wanniski just the opposite of what his theory suggests. Far from abandoning his labors, he has been reasoning backwards feverishly ever since. One result is *The Way The World Works*. A more astonishing result is the apparently successful effort in Congress to expand the tax loophole for capital gains. Wanniski's editorials in *The Wall Street Journal* implanted the notion that cutting taxes for a tiny minority can benefit everybody and even raise government revenues by unleashing the creative potential of the well-to-do. Placed in today's political soil that is so receptive to reactionary ideas, and fertilized by business propaganda, the seed has flowered. This malignant growth has completely overrun President Carter's own garden of tax reforms, which originally included a proposal to *reduce* the capital gains loophole.

Almost overnight, it seems, a new consensus has emerged about the best way to stimulate the economy. The old view, labeled Keynesian, emphasizes that a tax cut (or a federal budget increase) stimulates aggregate demand by putting more spending money in people's hands. The new conservative theory emphasizes that cutting tax rates can stimulate the *supply* of goods and services by increasing the after-tax return for productive activity. The difference in emphasis is crucial. The Keynesian theory encourages tax cuts aimed primarily at poorer people, who are more likely to spend the extra money right away. The new conservative theory justifies tax cuts primarily for the affluent, since they are the ones whose productivity is allegedly being smothered by high marginal tax rates.

It is worth a brief look at *The Way The World Works* for insight into the insular world view responsible for the new conservative economic wisdom. Jude Wanniski, economist Arthur Laffer, Representative William Steiger (sponsor of the capital gains amendment) and Representative Jack Kemp (sponsor of another bill to increase government revenues by cutting all income taxes by a third) typify the sort of well-scrubbed, youngish conservative ideologues who are increasingly influential in the political debate. They are not neoconservatives. Their intellectual mentors are old battlers like Irving Kristol, but unlike Kristol—or even Ronald Reagan—their paths to wisdom have been free of detours. They are strangers to doubt. Their cultural backgrounds have given them a narrow perspective on the human condition (and on human motivation), which they have not been moved to transcend. Their intellectual development has consisted of preconceptions borne out in increasingly sophisticated ways.

The Way The World Works reinterprets all of human history on the basis of Wanniski's own experience as a bourgeois family man and *Wall Street Journal* editorial writer. All behavior, Wanniski has concluded, is best understood as a response to tax rates.

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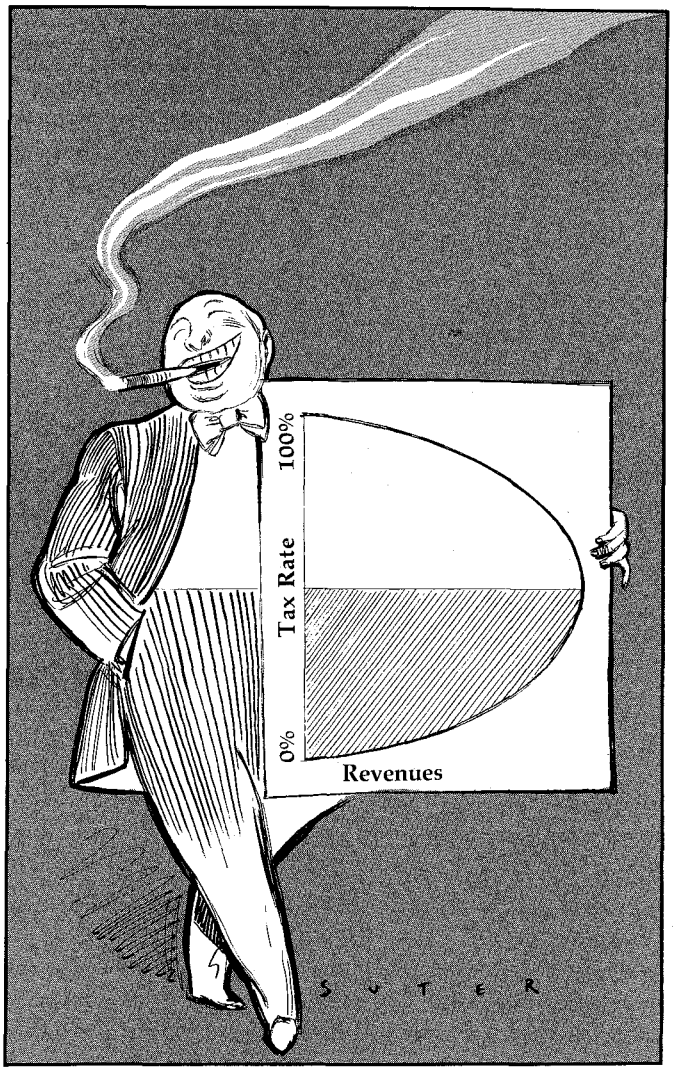
The infant learns, for example, something that politicians and economists frequently forget, which is that there are always two rates of taxation that produce the same revenue. When the infant lies silently and motionless in his crib upon awakening, mother remains in some other room. The "tax rate" on mother is zero, yielding zero attentiveness. On the other hand, when baby screams all the time demanding attention, even when fed and dry, he discovers that mother also remains in the other room and perhaps even closes the nursery door. The tax rate is 100 percent, also yielding zero attentiveness. . . . It is always harder to get mother to play when mother is on the telephone than when mother is not. When mother is fixing dinner, it is very difficult to get her to play, but this means father will be home soon and it is usually easy to get him to play. . . . By the time children are three or four years old, they have acquired such a body of information by studying tax schedules and their variables within the family that they can consciously "think on the margin."

Wanniski uses his recently acquired tools of economic analysis (to raid his own pantry of domestic imagery) like a child with a new crayon, who marks up all the walls and floors as well as the writing pad it was intended for. Turning his gaze from domestic affairs to the broader historical pageant, Wanniski blames high tax rates for the popularity of socialism, the decline of Hollywood, the existence of prostitution, World War II and the Quebec separatist movement. Low tax rates get credit for events as seemingly unrelated as the rise of Alexander the Great and the US economic boom of the mid-1960s.

The centerpiece of Wanniski's world view is the now-famous "Laffer curve." The British economist A.W.H. Phillips invented his Phillips curve—which purports to measure the trade-off between inflation and unemployment—many years before it became widely known. Arthur B. Laffer of the University of Southern California has achieved this economist's version of immortality only four years after he first drew his curve on a napkin in a Washington restaurant, thanks to skillful promotion by himself, Wanniski, Kemp and other members of the club. Laffer's curve purports to measure the relationship between tax rates and government revenues. It looks like a McDonald's arch, usually turned sideways. A tax rate of zero, Laffer reasons, generates no government revenue. As the tax rate goes up, so do revenues, but not proportionally. This is because taxes create a "wedge" between what the economy is paying for a person's services or the use of his money, and what he is actually getting for them. The wedge is the difference between salary and take-home pay, and the difference between pre-tax and after-tax investment profits. The wedge reduces tax revenues because it discourages the activity—working or investing—that is being taxed. As the wedge gets bigger, people spend more and more of their time and money on untaxed activity. This generally means leisure instead of work, and consumption instead of



Drawing by David Suter

investment. But untaxed activity also includes endeavors as diverse as growing your own vegetables, expense account lunches, legal tax shelters and illegal tax frauds. All of these become more appealing as tax rates go up.

Eventually, Laffer argues, higher taxes actually reduce government revenues because the effect of the wedge in discouraging taxable activity overwhelms the effect of the higher rate in bringing in more money from the activity that survives. At this point the curve turns back toward zero. When the wedge hits 100 percent, all taxable activity—and thus all tax revenue—stops. The importance of all this is that between these two points it should be possible to *raise* government revenues by *cutting* taxes. This is because reducing the wedge will stimulate new taxable activity, and the revenue from this will more than outweigh the loss from lower rates.

It's easy to see why the Laffer curve has hypnotized conservatives. It suggests that liberals have been so zealous and naive in raising taxes that they have actually lowered the revenues available for their foolish government programs. It also provides a scapegoat for the rather slothful performance of American capitalism over the past few years, and a justification for tax cuts

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aimed at those in what realtors call "the upper brackets." But there are two problems, one theoretical and one practical, with the Laffer curve and its implied nostrum of lower taxes for the well-off.

The starting point of the Laffer curve—zero taxes, zero government revenues—is a logical necessity. But the end point—100 percent taxes, zero government revenues—exists only for the purpose of argument. It is a theoretical construct, like (say) the square root of minus-one. What would it mean for the government to tax earnings at 100 percent? The Laffer curve assumes that tax revenues simply disappear. If the government imposed a 100 percent tax, then dumped the proceeds in the ocean, people would soon starve, emigrate or revolt, with fatal effect on the tax base. But ordinarily governments spend tax revenues for goods and services they think—however foolishly—will benefit their citizens. A 100 percent tax actually would mean that the government had taken complete control over the distribution of what the economy produced. Perhaps the government would attempt to adopt a system of "from each according to ability, to each according to need." Communist governments may have discouraged productivity, but they have not destroyed it completely. Non-monetary incentives—patriotism, fear, pride, peer pressure—apparently do have some effect. Human motivation is complex (you will be pleased to hear). Even the capitalist elite here in America may not be moved exclusively by financial considerations.

If government revenues wouldn't necessarily drop to zero even at a tax rate of 100 percent, there's no logical reason to assume without proof that the Laffer curve ever reverses direction at all. And if the curve never turns back down, it is not possible to increase revenues by cutting taxes. In real life, of course, the shape of the Laffer curve will be different for every different kind of tax. Whether any particular tax can get so high that it is self-defeating will depend on the type of activity being taxed and the opportunities for evasion.

The practical problem with Laffer's thesis is that even if this backward-turning part of his curve exists, neither he nor any of his supporters has demonstrated that the federal income tax actually is on it. Cutting some taxes to stimulate productivity might be wise policy, but the notion that this can be a free lunch—that taxes can be cut without reducing government revenues—is pure speculation.

The weight of all this theorizing has now settled on the tax rules about capital gains. "It is the bright young college graduate in engineering or physics, or the energetic young entrepreneur, who is chilled by the forbidding rates of capital gains taxation," Wanniski writes. "In 1977, most discussion of capital gains in Congress is in the direction of tightening treatment even further." In 1978 the *only* major tax change likely to pass Congress is a *lowering* of taxes on capital gains, thanks mostly to a brilliant propaganda and lobbying campaign led by Charls Walker, business lobbyist *par excellence* and head of something called the American Council for Capital Formation. You can imagine what this group is, and it is not composed of bright young college graduates and energetic young entrepreneurs. As John Kenneth Galbraith admonished on "Meet the Press" recently, "When people talk about encouraging capital investment, it usually means more income for themselves." But as Charls Walker told *The Washington Post* earlier this month, "In this game, it's the perception that counts." So on behalf of his clients in the upper reaches of corporate capitalism, Walker is invoking the sufferings of the small businessman and the middle-class homeowner. Mobil Corporation and W.R. Grace are buying newspaper ads to join in the chorus. Walker decided on a big capital gains push early this year, and crowned the fortunate, formerly obscure Representative Steiger as his front man.

Despite the talk of "forbidding" capital gains taxes, most references to capital gains in the Internal Revenue Code concern ways in which profits from the sale of capital assets are *not* taxed. Indeed the present capital gains provisions are a layered history of the ebb and flow of favoritism and half-hearted reform. The basic rule is that half of all capital gains each year don't count as taxable income. In effect, this means that capital gains are taxed at half the taxpayer's rate for ordinary income, whatever that rate might be. That was thought to be too harsh on those in high brackets, so Congress created the "alternative tax." This permits the taxpayer to choose a flat 25 percent tax on capital gains. Then Congress decided this was too generous, so it placed a $50,000 annual ceiling on the amount of gains eligible for the alternative tax. It also created a "minimum tax," an especially complicated provision intended to squeeze a bit of money out of people who benefit from large deductions for capital gains and other "preference income." Then there's the capital gains set-off against the "maximum tax," but we won't get into that.

President Carter's original tax package included a proposal to abolish the alternative tax. This would assure that every taxpayer would pay at least half as much tax on capital gains as on ordinary income. The Steiger amendment instead would abolish the *ceiling* on the alternative tax. It also would exempt capital gains from the minimum tax and end the maximum tax set-off. These changes would assure that no individual's capital gain is taxed at more than 25 percent. Steiger's proposal also would reduce the tax on corporate capital gains from 30 percent to 25 percent. This is an important break for businesses like the timber industry which already enjoy special provisions allowing them to treat their profits as capital gains.

Some new special break for capital gains is inevitable. Both houses of Congress are determined to get it, and President Carter is resigned. But the final arrangements still were unclear at the end of last week.

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The House Ways and Means Committee reported out a compromise bill—engineered by Charls Walker and Representative James Jones, but tactfully referred to as the Jones-Ullman Compromise—that would exempt capital gains from the minimum tax, but also abolish the alternative tax. This would mean capital gains would be taxed at exactly half the taxpayer's ordinary rate—up to a maximum of 35 percent. House liberals were hoping to reinstate a new, weaker form of the minimum tax in floor debate.

Any House bill offering less than the full Steiger treatment for capital gains will be in trouble in the Senate. A majority of senators has endorsed the Steiger amendment. Russell Long, Senate Finance Committee chairman, has planned various other amendments that would lighten the load on capital gains even more. There probably will be an effort on the Senate floor to reopen the biggest capital gains loophole of all, which was finally closed last year. This loophole wiped out any capital gains tax due on property that passed at death. The profit on inherited property was measured for tax purposes by its value when inherited, rather than its value when originally purchased. Most capital gains of the very wealthy completely escaped taxation because of this provision. Now that the impact of closing it has begun to sink in, there is pressure to undo that reform as well.

If there ever was special-interest legislation, this capital gains fiddling is it. Think of how much money you'd have to be making before the Steiger amendment would help you. The alternative tax doesn't even apply until you've hit the 50 percent tax bracket, which is $47,200 for a married couple. Before the current $50,000 ceiling (which Steiger would abolish) affects you, you have to have made $97,200 after all other deductions. The minimum tax can affect those with somewhat lower income, but only if most of that income is capital gain.

The propaganda in favor of the Steiger amendment repeatedly claims that capital gains are taxed at rates of up to 50 percent. This is hot air. Because of the tax code's complexity, an effective rate of about 49 percent is possible. But *The Wall Street Journal* itself pointed out recently that someone with $15 million of income, $10 million of it capital gain, would pay only 47 percent. The average tax on capital gain income is about 16 percent. (Marginal rates on ordinary income, by comparison, begin at 14 percent.) Only seven percent of taxpayers with capital gains pay more than 25 percent on any of them. Since less than six percent of all taxpayers have capital gains at all, this means the Steiger amendment would benefit about four taxpayers out of a thousand.

These figures demonstrate the genius of the lobbying campaign that has made the Steiger amendment appear to be part of the revolt of the "average" or "middle-class" taxpayer. Even "the ordinary investor" (Clayton Fritchey's phrase in a recent pro-Steiger column) would not benefit from these proposed changes in the tax code. The only beneficiaries will be those with very large investment profits.

The other major tax change next year, as it happens, will be another Social Security tax hike. The Social Security tax increase is the mirror image of the Steiger tax decrease: it affects *only* ordinary wage income (capital gains, dividends, etc., are exempt), and it places a proportionately greater burden on those with *lower* wages (because salary income over $17,700 is exempt). (The salaries of congressmen and other federal civilian employees, it should be noted, are totally exempt from the Social Security tax.) The House Ways and Means Committee, while debating the size of the capital gains tax decrease, refused to consider rolling back the scheduled Social Security increase. The Joint Committee on Taxation has computed that because of Social Security and inflation, the current tax "cut" bill actually will guarantee a net tax *increase* next year for practically everybody but the very rich.

An argument heard in favor of the Steiger amendment is that it will prevent the taxation of "illusory" increases in value that are only due to inflation. But of course it will only have this pleasant effect for those with very large capital gains incomes, and it will not distinguish between gains that have occurred quickly and those that have grown over years of inflation. It is true that genuinely middle-class homeowners can be catapulted into a high bracket and socked with a huge tax in the year they sell a house that has appreciated over two or three decades. But the tax code already permits them to escape most of the tax bite if they reinvest in a new house, or if they are over 65. Furthermore, if the time has come to index the tax code for inflation, the profits from home ownership are a bad place to start. The typical homeowner has *benefited* from inflation by making his investment with borrowed money, then paying it back over the years in cheaper dollars, while deducting the interest "expense" that may not even have equaled the inflation rate. The tax code is riddled with other special breaks for homeowners, which renters (usually poorer) are not eligible for. (Nevertheless, a bigger capital gains break for homeowners is part of every version of the tax bill, including President Carter's.)

The basic argument for the Steiger amendment is based on the Laffer curve: this tax cut for affluent investors will stimulate the economy, and the benefits will "trickle down" to the rest of us. The stimulus will be so great, America's productive capacity will increase so sharply, that tax revenues will actually increase.

In support of these assertions, the capital gains lobby has produced studies by three leading econometric consulting firms. These wizards have fed the proposed tax cut into their computer models of the way the world works, and all three conclude that it would indeed produce an increase in federal tax revenues, plus myriad other benefits. There is irony in this worship of

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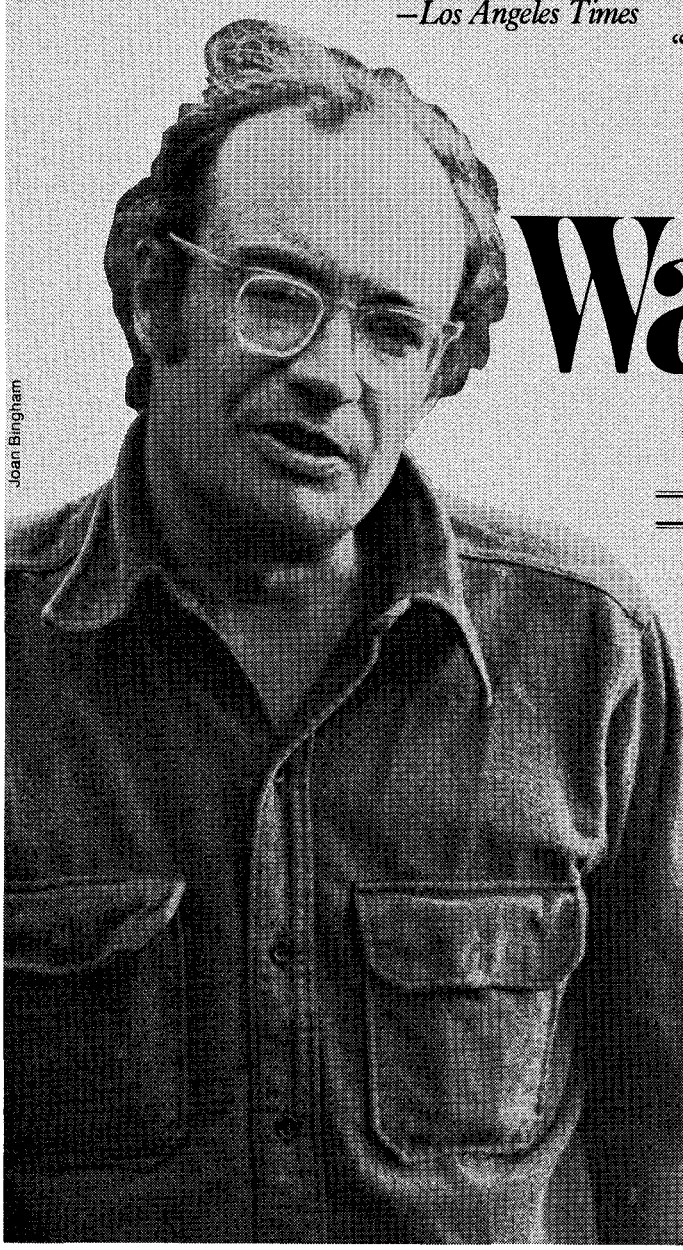

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The Laffer Curve: A Social History

Arthur Laffer says he doesn't have any idea how his curve was invented, but his chronicler and companion, Jude Wanniski, insists that Laffer first drew the curve on a napkin to illustrate his ideas about the ill effects of high taxes to a befuddled Richard Cheney, then President Ford's chief of staff, during a 1974 dinner in a Washington restaurant. Laffer has not used the years since then to buttress his curve with more elaborate theory or empirical data. He wisely perceives that influence derives from promoting simple ideas, not from making them more complicated. As a result, four years after that historic dinner—and seven years after leaving Washington with his tail between his legs—Laffer is a respected adviser and co-conspirator of politicians, lobbyists and economists all over town.

Laffer got his BA in economics in 1963. He first got the idea of the disincentive effect of tax rates from the lectures of James Tobin, a prominent Keynesian economist on the Yale faculty. From there he went to the Stanford Business School, where he received his master's degree in 1965. He began work on his PhD in Stanford's economics department, but left in 1967, before finishing his thesis, to join the business faculty at the University of Chicago. There has been controversy about the circumstances of Laffer's arrival at Chicago. Several years later the faculty appointed a committee to investigate whether Laffer misled the university into believing he already was a PhD when he was appointed.

George Stigler, a noted economist on the Chicago business faculty, confirmed the existence of the committee but declined to elaborate on its findings, as did Sidney Davidson, who was dean of the business school at the time. Laffer got tenure at Chicago in 1969. He received his Stanford PhD in 1972. Laffer said that the investigation, in 1971, occurred because "I was an embarrassment to the university at the time." He added that the investigation cleared him of the charge.

Shortly after Laffer received tenure in 1969, George Shultz, the business school dean, became head of President Nixon's Office of Management and Budget. He invited Laffer to accompany him to Washington as OMB's chief economist. In this position, Laffer achieved his previous peak of notoriety in early 1971, when he produced an estimate of $1.065 trillion for that year's gross national product. The basis for his prediction was a contention that an easing of the money supply would result in an immediate increase in productivity. That thesis was challenged by both Keynesians and monetarists, but Nixon found the figure politically valuable and seized on it to forecast a boom economic year based upon it.

Laffer and his assistant, R. David Ranson, based their notorious 1971 GNP prediction on only four economic indicators: the level of federal spending, interest rates, stock prices and the rate of expansion of the money supply. Most predictions are based on hundreds of different calculations and equations, but Laffer argued—characteristically—that his method's simplicity was its virtue. The debate between Laffer and the rest of the economic world was reduced to a difference over how many equations are necessary to figure out the Gross National Product. Laffer lost the argument mostly because he was outnumbered. Before the 1971 GNP was even calculated, Laffer had been branded a fool by most economists. The Sunday business section of *The New York Times* even published a satirical poem called "Laffer's Magical Money Machine."

When the preliminary figure for the 1971 GNP came out in early 1972, Laffer's prediction was found to be $20 billion above the mark. The computerized econometricians with their hundreds of variables don't always do better than this, but this apparent proof of his error meant the end—at least temporarily—of Art Laffer's budding career as an adviser to the mighty. Laffer is quick to point out today that the final figure for the 1971 GNP total was $1.064 trillion—just one billion under his prediction. But Laffer's critics counter that his 1971 prediction was based on the preliminary figures for 1970. They say that if he'd used the final 1970 figures for his formula, this would have sent his prediction off course again.

Laffer defended his method of prediction in terms that later got him into trouble when he returned to Chicago. He told *Newsday* he was using a very simple model for the benefit of George Shultz. "Shultz is a good economist," Laffer was quoted as saying. "My job is to provide him with the best economic advice I can and with something he can

the econometric oracles, because until very recently they were a favorite target of conservatives, who accused them of burying too many "Keynesian" assumptions in their mathematical formulas. But apparently the market for prophecies responds to supply and demand just like any other. Hired by the Securities Industry Association, for example, Otto Eckstein's Data Resources, Inc. produced a conclusion that complete elimination of all tax on capital gains would add almost $200 billion to the gross national product and $38 billion to federal revenues by 1982. A recent issue of *National Review* congratulates Eckstein, a classic Kennedy Keynesian and longtime conservative *bete noir*, for having the good sense to amend his model. According to Donald Lubick, assistant Treasury secretary for tax policy, the different assumptions DRI used in an unsponsored study last year would have shown a substantial revenue *loss* from eliminating the capital gains tax.

The key to all these studies is the effect of a capital gains cut on the stock market. The DRI study for the securities industry and another study by a division of Merrill Lynch start by *assuming* that the Steiger cuts would send the stock market up by 20 percent. A study by another firm, Chase Econometric Associates, says the stock market would go up 40 percent, but this is "empirically determined from multiple regression analysis and is not simply an assumption pulled out of thin air." A Treasury Department official has charged that Chase's formula "commits several grievous

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days and nights to get those other models out. He can't understand them, but he can understand mine." George Stiger, who chaired the Chicago faculty committee that gave Laffer tenure in 1969 and also the one that investigated him in 1971, called that quote "insulting." He characterized Laffer's theories as "extraordinary and absurd." Stigler said, "I don't think that he's sinful. I just think he's a fool. He hasn't done any research to speak of. He got his tenure on promise, and in retrospect I think it was a mistake."

After his Washington debacle, Laffer laid low and continued teaching at the University of Chicago. He did maintain one friendship from his days at OMB—with Jude Wanniski, who wrote a Washington column for *The National Observer* while Laffer was in Washington and later went to *The Wall Street Journal* as an editorial writer.

Wanniski, who brags about his lack of an economics background, says he enjoyed passing along Laffer's theories to other editors at the *Journal* and incorporating them into editorials. The two men remained in regular contact while Laffer was in Chicago. In 1974 Wanniski brought Laffer to Washington to introduce his theories around the city. In the first week of December, shortly after the Ford economic summit, Wanniski organized the dinner at Two Continents Restaurant where Laffer first drew his curve. "The picture of the curve caused explosions in my mind," Wanniski said last week. "It opened up whole new vistas." He quickly published the idea of the curve in a footnote to an article. This year he published a book, *The Way The World Works*, that espouses Laffer's theories and those of Robert Mundell, a Canadian economist who teaches at Columbia University. Wanniski left the *Journal* last month and he returned to his home in Morristown, New Jersey, to form his own consulting firm, called "Polyconomics," to promote the gospel. He says it is doing a great business.

Eventually Laffer's ideas reached a US representative from upstate New York named Jack Kemp, once a quarterback for the Buffalo Bills. Laffer's curve hit Kemp as hard as it had Wanniski. "It was like a light went off," Kemp said the other day. "I knew there had to be a better way, and that was it." Kemp and a Senate colleague, William Roth of Delaware, incorporated Laffer's ideas into a comprehensive tax-cut proposal—known as the Kemp-Roth bill—now before Congress. Kemp characterizes Laffer as "an alternative to the Keynesians and the monetarists," and believes that Laffer is the apostle of a new economic theory. "It's actually a classic economic theory," Kemp said. "Laffer's just restating it." Kemp scoffs at charges by economists from both sides that policies based on Laffer's curve won't achieve the desired effect. "Milton Friedman's got problems from an ego standpoint, and that's unfortunate," he said, referring to the Nobel laureate's denunciation of Laffer's ideas. "I'm disappointed to see economists acting like politicians."

Kemp first met Laffer through Wanniski and the editorial pages of *The Wall Street Journal*, although he can't remember when that took place. Kemp came to economics by accident—"I was a physical education major for four years"—but says he is self-taught. "My political and intuitive sense is already there," he said. Kemp left professional football to run for Congress, and was elected in 1970 as a Republican from Buffalo. Political observers expect him to run against Jacob Javits for the 1980 Republican Senate nomination in New York. Some believe he might eventually go for the presidency. "We are the ones on offense," Kemp said, "and the income distribution guys are on defense."

Today Laffer is training and promoting acolytes on congressional staffs and developing a network of Lafferites around Washington. Laffer himself has been heavily promoted by Charls Edward Walker, a Washington lobbyist who served as deputy Treasury secretary for part of Nixon's second term. Walker has been pushing the Steiger and Kemp-Roth tax cuts on behalf of an organization called the American Council on Capital Formation. Laffer is closely associated with the Council. Walker is also treasurer of the Committee on the Present Danger, a conservative foreign policy group. He has been a guest on several programs of the American Enterprise Institute, a Washington think tank whose chief economist, Herbert Stein, has been outspoken in his belief that the Laffer curve would not have its predicted effect of raising revenues. Laffer has also appeared on AEI programs.

Meanwhile, Laffer spends his time teaching at the University of Southern California, where he joined the business school faculty two years ago, lecturing around the country and immersing himself in the world of Washington. Laffer truly fits Jack Kemp's description of Milton Friedman: an economist acting like a politician. It seems a much more effective way to promote your ideas than acting like an economist ever was.

David Blum

statistical sins" and in particular "is guilty of multicollinearity and serial correlation, as well as improper specification." These must be fighting words to a statistician. A layman cannot know whether they are justified. But as the Treasury official suggests, if Chase Econometrics really has developed a formula that can predict the stock market, it can now comfortably retire from the econometrics-for-hire business.

Once higher stock prices are plugged into the computers, the other results follow quite straightforwardly. Higher stock prices and lower capital gains taxes encourage people to sell their stocks, which brings in tax revenues. Higher stock prices also produce lower interest rates, which stimulate investment, which increases productivity, which also brings in more tax revenues. The Chase study concludes that the Steiger cut would pay for itself by "unlocking" profitable investments that people have avoided cashing in because of the tax bite, and by generating new taxable gains on the stock market. The additional tax revenue brought in by a newly invigorated economy would be pure gravy.

But would such a narrowly based cut in the tax on potential profits from stock investments really have such a large positive effect on the stock market? Well, the general level of stock prices does represent a sort of psychological consensus about the future of the economy. So it's possible that all the propaganda in favor of a capital gains tax cut will create a self-fulfilling "prosperity illusion" (similar in operation to the

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Keynesian "money illusion" of which conservative economists are so skeptical): if enough people believe the tax cut will bring prosperity, the market will go up, which will help bring prosperity.

If investors (unlike members of Congress) see through the propaganda, however, the trick will not work, because there's no genuine reason why the Steiger amendment should suddenly make investing in stocks so spectacularly more attractive. It will have no effect at all on the vast majority of people with money to invest. Charles Schultze, chairman of the Council of Economic Advisers, told Congress last month that the Steiger proposal would bring America's stockholders a total of $500 million a year in tax savings, compared to their total stock investment of one trillion dollars. "How an increase in the after-tax income equal to one-half of one percent of asset values is supposed to increase those values by 20 to 40 percent escapes me," Schultze said. Taxation of capital gains represents only 10 percent of the federal tax burden on returns to capital. The corporate income tax and the regular income tax on dividends, interest, property income, etc., account for the other 90 percent. Furthermore, if the purpose of a capital gains tax cut is to encourage investment in productive assets, most of it goes completely to waste, since (according to Schultze) "the bulk of capital gains stems from sales of private homes, timber, land, jewelry, art, and similar items" unrelated to productive activity.

Adherents of the Steiger amendment supplement their computerized subtleties with a straightforward deception, comparing the alleged 49 percent maximum tax on capital gains in this country with the alleged absence of any capital gains tax in less decadent countries such as Germany and Japan. A chart making this point, put out by the W. R. Grace & Company, has popped up in newspaper ads, letters to the editor, the *Congressional Record* and other reservoirs of half-truth. It is phony. A 49 percent capital gains tax is theoretically possible for a US taxpayer, but the IRS never has found anyone who actually had to pay this much tax. The typical person pays less than a third of it. Japan taxes capital gains in full like other income, after an annual exclusion of about $1600 per taxpayer: a much tougher tax than ours. A special rule provides for a tax of at least 40 percent on profits from the sale of land and buildings. Germany has a special capital gains tax for businesses, whether incorporated or not, and has a wealth tax for individuals that applies to increases in net worth even before the asset is sold for profit. Now take Italy. *There* is a country that does not tax capital gains at all, and Portugal taxes most at only 10 percent. But somehow these countries don't seem to make it onto the charts asserting a connection between capital gains taxation and economic prosperity.

The Steiger amendment, or whatever compromise version of it gets passed, will have one particularly insidious effect that is precisely the opposite of the claims made for it, but which must be important to its supporters: it will make tax shelters much more useful. An often-heard Laffer-type argument is that lowering "high" marginal tax rates can bring in added revenue by making tax shelters more trouble than they're worth. In effect the government can offer wealthy taxpayers a chance to eliminate the middlemen—the lawyers and accountants who set up these complicated financial arrangements—and split the difference. As a bonus, economic efficiency is improved by diverting money from investments that make sense only for tax purposes, and encouraging investments that meet real economic needs.

But an important function of the typical tax shelter is to convert ordinary income into capital gain. The 1969 tax reforms, which ended the 25 percent ceiling on capital gains, reduced this particular advantage of tax shelters. They put out of business some of the shelters with the least real economic value. The Steiger amendment will make these wasteful projects profitable again, thereby reducing the efficiency of the economy and losing tax revenues.

There is little reason to think that tinkering with the upper reaches of the capital gains tax will encourage productive investment or bestir sleeping entrepreneurs or increase tax revenues or do anything more than to further enrich the very few who will benefit directly from it. Channeling money and creativity into productive uses should be an important part of any tax reform. It's true that our present tax code does the opposite. A radical tax reform program should include measures such as "integrating" the corporate income tax, allowing taxpayers to "roll over" their investments without paying taxes, indexing for inflation and other measures that would increase the after-tax return to capital. These changes would move us in the direction of a "consumption tax" system that wouldn't tax income until it was withdrawn from productive use. But efficiency and fairness also would require changes that Charls Walker's clients might not find so pleasant: an end to special treatment for capital gains, closing of opportunities for tax shelters, taxing of consumption disguised as business expense (the three-martini lunch) and an inheritance tax with real bite to prevent great accumulations of wealth.

None of this will ever happen. The tax code mirrors the defects in our political system: it enshrines the interests of organized groups, at the expense of individuals and the interest of society as a whole. Real sweeping reform is impossible. The Steiger amendment is just one more special favor that makes the tax code a bit less fair and distorts economic incentives just a bit more. No special interest is better organized than the business community. It can purchase the pages of newspapers, the minds of intellectuals and the votes of legislators. This is what the Laffer curve really teaches us about the way the world works.

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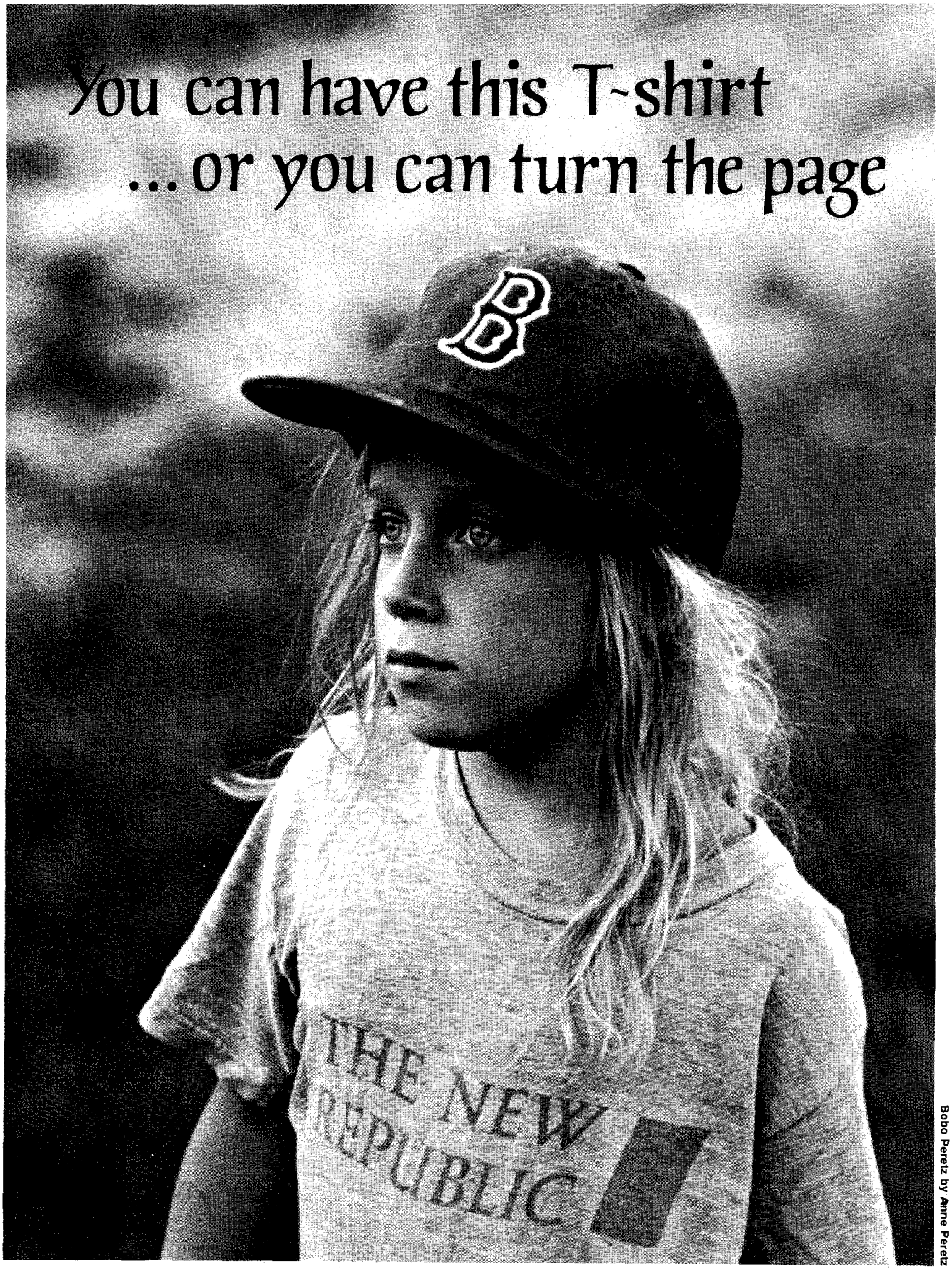

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Arts and Lives

Stanley Kauffmann on films

A World on Film

I once used the title above for a collection of my film writings, done mostly for *TNR* between 1958 and 1965. It was a hyperbolic claim even then when the importing of foreign films was tremendous compared to the situation today. But at least, in those days, an American observer could have some whisper of a sense of what other countries were producing.

Not now. Admittedly, in some countries—England, notably—film production is moribund, and in some other countries, blooms are off various roses: who could, alas, expect much of Czechoslovakia these days? But a basic fact remains—is worsened. I wrote in 1964 after a three-month tour of foreign film centers: "America does not know what is happening in the film world." And I thought things were bad *then*.

Here are two publications to rub salt into wounds and on appetites: the 1968 edition of the *International Film Guide* edited by Peter Cowie (Barnes; $6.95) and the 21st International Film Annual issue of *Variety* (May 17). Most of the films that are mentioned, particularly in *Variety* ads, look like garbage. Still, if you collate the two publications—and they don't always agree about the health of some national industries—you come up with a list of films floating out of figurative reach that makes any statement of ours about the "best" this or that of the year, or of the decade, simply silly. We just don't know.

Of course similar situations apply in all the arts. Literature is probably the art most blocked in international traffic because of the cost of translation. Books are cheaper to import than films, but subtitles are easier, sometimes cheaper, than translation and the possible profits are greater.

But let's grieve about one art at a time. To give you an idea of what you're *not* seeing, here's a sampling from the two sources mentioned. I'm listing only work by previously known names so that I don't have to rely on other judgments.

Sweden.
Erland Josephson (the husband in *Scenes from a Marriage*), Ingrid Thulin, and the superb cinematographer Sven Nykvist have co-directed *One on One*. Surely anything that these three collaborate on is worth a look. Jan Troell, who directed *Here's Your Life* and *The Emigrants* and *The New Land*, has made a film called *Bang!* that was shown at Cannes last year. Christopher Plummer, Fernando Rey, and the excellent Per Oscarsson (remember *Hunger*?) are in *The Assignment*, about a Swedish diplomat caught in a Latin-American revolution.

Poland.
Andrzej Wajda, distinguished in film and theater (he came to the US to do two productions for the Yale Repertory Theater) has a new film called *Marble Man*, evidently a generational contrast—about a young film director doing the life of an older worker. Jerzy Kawalerowicz, who made the fascinating *Mother Joan of the Angels* (*TNR*, May 21, '62), has made *Death of a President*, which deals with the political turmoil in Poland after the First War but is, according to a friend who saw it in Warsaw, a striking film of more than domestic interest.

West Germany.
I suppose we'll see Fassbinder's new film *Despair* because it stars Dirk Bogarde and was adapted from the Nabokov novel by Tom Stoppard, but what about the film that Peter Handke himself has directed from his new novel *The Left-Handed Woman*? (With Bruno Ganz and Edith Clever of *The Marquise of O.*) Advance word is that it's "difficult." Does this mean we'll never see it?

Hungary.
No country's film output sounds—repeat: *sounds*—more tantalizing these days than Hungary's. No country's films are shown here less. In 1964 I saw Istvan Gaal's first film at Karlovy Vary but nothing since. The beautiful *Love* by Karoly Makk was shown here in 1973, but nothing of his since, though he keeps working and being praised. Miklós Jancsó, who made some of the best films anywhere in the world in the 1960s, now often works abroad, increasingly idiosyncratically. But other Hungarians—no point in mentioning their names—are coming up amidst showers of praise in their own and other countries. Not visible here.

Japan.
Can we just note that there are two new films by Kon Ichikawa, who made *The Burmese Harp* and *Fire on the Plain*? These two new ones are said not to rank with his best work. Therefore we must never see them, right? The Japanese film industry is notoriously in a qualitative decline. A long list in *Variety* includes such titles as *Naughty Naughty College Girls, Hot Stuff, Rape Train*, and *Pure-hearted Poopsie*. But also on the list are the names of some respected directors.

Italy.
I skip (if that's the right leaden-hearted word) the fact that the last two pictures by Marco Bellocchio have not been shown here. The latest film by Ermanno Olmi, who made *The Sound of Trumpets (Il Posto)* and *The Fiancés*, has just won the Cannes Festival prize so will come

Films Worth Seeing

Close Encounters of the Third Kind. My candidate for the Henry Adams prize. The author of "The Dynamo and the Virgin" would have appreciated it.

Girlfriends. Extraordinarily good—especially since it's a familiar subject: a lone, plain girl trying to get herself together in New York. Skillful and compassionate first feature by Claudia Weill. Cheers!

Go Tell the Spartans. Vietnam in 1964. At last a fiction film that treats the war with at least some truth.

Heaven Can Wait. Warren Beatty, Elaine May, Buck Henry—mod types all—remake *Here Comes Mr. Jordan*, and do it pretty well.

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here—probably. But what about the forthcoming film from a Moravia novel by Mario Monicelli, who made *The Organizer*? And a new film about Antonio Gramsci? What about Bruno Bozzetto's new animated feature?

France.
Probably the liveliest European country at present. French domestic film receipts are said to be down four percent and the number of export contracts for French films has dipped by eight percent, but Unifrance, the national film-publicity office, has just issued a thick paper-bound book describing 142 feature films made in 1977, not many of which look dismissible out of hand. (There's a separate appendix of porno films.) Bertrand Tavernier, who made *The Clockmaker* and *Let Joy Reign Supreme*, has two new films, one of them trembling on the edge of US release. Robert Bresson has a new film (shown at last fall's New York Film Festival); so has André Cayatte, who made one of the most harrowing films I've ever seen, *We Are All Murderers;* so has Jean-Louis Bertucelli, who made the lovely *Ramparts of Clay* (*TNR*, Feb. 27, '71). The Spring '78 issue of the British magazine *Sight and Sound* interviews four young French directors, only one of whom is known to me—Claude Miller who made *The Best Way* (*TNR*, July 30, '77).

Just a sampling. Of course most or even all of these films could disappoint. The recent trickle of foreign films does little to support me. *Servant and Mistress* by Bruno Gantillon (New Line) was excellently made but was a sterile, incredible exercise in sexual role-playing. *Bonjour Amour* by Roger Andrieux (Atlantic) was differently incredible—it was hard to believe that the first-love-and-sex picture had been made *again*. *Faces of Love* by Michel Soutter, a Swiss (New Yorker), was an affected poof about a director and three actresses who are going to film Chekhov's *Three Sisters*. (One scene in which Lea Massari rehearsed Masha was superb. I wish they'd burned the script and filmed the play with her.) *Viva Italia!* (Cinema 5) was an anthology film by different directors with, as is usual in such cases, some good and some dull segments and no consequence.

But of course the point is not that the pictures I listed earlier, and many others made recently or in recent years, are treasures. The point is that many foreign films sound interesting and in a rational world we ought to have the chance to find out about them. That same issue of *Variety* tells us that it now costs from $50,000 to $150,000 to open a foreign film in New York, and prices are not going to go down, so things are going to get worse. Self-evidently, we need a system of international exchange outside the usual commercial channels, or cinematic isolationism is going to increase and petrify. (The flow of US films to other countries, though far from perfect, is much better.) Film festivals—Cuban or Yugoslavian or Japanese or international (some of which may have included some of the films above)—are, obviously, welcome but are of very small help. Too compressed in time, too sporadic, too restricted in venue.

I haven't the slightest hope that anything is going to be done about this matter. Foundations could have helped when times were better: to set up extra-commercial circuits, based on universities, for the restricted showing of limited-appeal foreign films—the Swedish system. One foundation was asked, but was uninterested. Now prospects are black. The sampling above is just to help you share my depression and to help you scoff a bit more at the cant about "film the international language." Not unless the whole vocabulary is *Star Wars* and *The Godfather*.

Michael Ullman on jazz

Newport Week in New York—I

During the last week of June, George Wein's Newport Festival celebrated its 25th year, its seventh as a series of concerts presented primarily in New York City. In ten days the Newport people presented 21 concerts and a dance in Manhattan, a picnic and two concerts in New Jersey, special rides on the Staten Island Ferry, a group of jazz films, two all-day performances in Saratoga Springs, and a largely inaudible street fair on 52nd Street. As usual the Festival encouraged people to honor each other: Ruth Ellington presented a bust of Duke to Woody Herman, various officials paid tribute to Lionel Hampton, and in a tactless gesture Manhattan Borough President Andrew Stein spoke at a children's concert, offering George Wein encouragement and a wrinkled piece of paper before a squirming multitude. Even more than is typical of Newport, the 25th Festival was an affair for jazz veterans: as it might have been twenty years ago, the "avant-garde" was represented by Cecil Taylor, Ornette Coleman and Sam Rivers.

The Festival draws tourists from all over the world (George Wein thanked the Japanese particularly in the official program). It is also the catalyst for other jazz events in Manhattan clubs and theaters. Here's a chronology of much of what I heard during those days.

June 23

The Festival opened with a concert featuring The Thad Jones-Mel Lewis Band preceding Sarah Vaughan. This band is still "bold and brassy," as a publicity agent might put it. Its sound is unremittingly cheerful and punchy, suggesting at times the Basie bands of the fifties, or at its worst a demonstration of the use of musical instruments to a high school crowd. The arrangements are often challenging: Jones often demands that a whole section, reeds, trumpets, or even trombones, play a fast, irregular, boppish line together. But ultimately, the impact of the band depends on the solos. The most interesting tonight was by drummer Mel Lewis on a Jerry Dodgion composition "Fatbone": repeatedly Lewis opened a phrase with a loud flurry, then allowed the sound to sink slowly to a gentle hissing on the cymbals. One felt as if one were tripping downhill in slow motion. Pepper Adams was less impressive on "Thank You," aggressive and not entirely coherent, and the members of the trombone section were allowed to chortle, sputter and swoop their individual ways through the uptempo "Things."

After Sarah Vaughan finished her set, some fans left suggesting that she had been better last year. No matter—this

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was her customary bravura performance, demonstrating her huge range, her control over tempo and dynamics, her melodic invention, and at times, her ability to get inside a song. When not singing she announced on stage that she was nervous because she had recently remarried. She also engaged in some stage business that was rather too cute for someone of her stature: when it came time for her to play the piano, her accompanist approached her, mouthing an invitation to take his place, while Sarah giggled and squirmed a little in response.

June 25

The acoustics of Avery Fisher Hall have been repaired and orchestras sound fine there: but the Newport concerts present their own problems. Dexter Gordon's short set was made unpleasant by the intolerably shrill and bottomless sound Newport's engineers produced for him. Gordon was magisterial but uninspired, quoting "Here Comes the Bride" in his solo on "Backstairs" just where the quotation pops up in the recorded version.

The sound system was corrected for Betty Carter's demanding set. She had appeared recently on national television and radio and the audience was ready for her tributes to "Music" and "Sounds," for her evocations of her personal life ("Let's Talk It Over"), and her renditions of standards, poignant or amusing. As usual her timing was wonderful. "Every time we say goodbye, I," and then a pause, "cry a little," she sang, sliding softly into the word "cry." Portamento, the Italians call it. "Zing! Went the strings of my Heart" is a perfect Carter vehicle: singing "Plop-plop," she bent her body, craned her neck and seemed to look after each syllable as if it were an apple dropping into a bucket.

Stan Getz by Michael Ullman

The third master of bebop presented in this concert, Max Roach, unfortunately dedicated almost all of his set to a long piece by trumpeter Cecil Bridgewater. Roach's soloing was as intelligent and intriguing as ever, his poise a good foil to Bridgewater's repose and saxophonist Billy Harper's hard-edged funk. But the complex composition did not warrant the attention it received, and Roach's set did not come alive until he played a short encore, "Confirmation." By then it was too late.

June 27

The Newport "American Song" concerts have been elegant affairs that require major soloists to perform with active deference towards the composers they celebrate. Tonight after a segment with Alberta Hunter, trumpeter Ruby Braff played Fats Waller material with Dick Hyman on the Carnegie Hall organ. Waller loved the organ—he played it in theaters—but his recordings on the instrument sound wheezy and remote. Hyman captured much of Waller's style, opposing broad melodramatic tones to the mincing, prancing statements that Waller loved and that always suggest to me the tiptoeing of a cartoon villain. Braff deferred throughout to Hyman, but he did get to state the theme "Ain't Misbehavin" three ways: he is master of the 50-second solo.

Irene Kral then sang Cole Porter with her customary charm, gaining a wild reaction from the audience for her version of "Easy to Love." Unfortunately, she ran out of Cole Porter material after her third song, a circumstance that implies a shallower appreciation of Porter than I am sure she has.

Stan Getz made a point of staying away from the microphones during his duets with pianist Al Dailey, announcing, "It's a pleasure for us to do without it." As a result, the audience could hear Dailey and Getz perfectly—even Getz's most breathy tones. Getz played three compositions connected with Alec Wilder, including the Thad Jones "A Child is Born," to which Wilder added lyrics. Getz offered as wide a range of Wilder ballads as possible from "I'll Be Around" to "The Winter of My Discontent," allowing Al Dailey to solo on "Ellen." This was a good chance to hear Getz at his most peaceful and tender.

After intermission, three stars took the stage accompanied by George Duvivier and Oliver Jackson. In a well-rehearsed segment, Mel Torme, Gerry Mulligan and pianist Jimmy Rowles offered pieces by Harold Arlen, Arthur Schwartz and Harry Warren, respectively, before joining together for an Irving Berlin medley. Mel Torme was probably happy to have the man he introduced as "the ever lovely Gerry Mulligan" sing a bit: Mulligan's husky and Rowles's wispy voice offset Torme's fluency, control and range of tones. Torme's marvelous performance tonight proved that a couple of decades of pop singing do not necessarily interfere with a jazz artist's capabilities. Mulligan shone on a loping version of Irving Berlin's "Easter Parade." A courtly, impressive set.

June 28

Mary Lou Williams opened this concert (billed "Three Pianos and Two Guitars") with what she calls, modestly, "A History of Jazz: Spirituals, Swing, Bop and the Blues." In recent years Williams has become didactic—her most recent record is entitled "A History of

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Mel Lewis by Michael Ullman

Jazz," and this night she introduced a blues saying, "We're going to show you that the blues can be played very modern." She has been connected with many styles of jazz, but she should leave it to others to say that she embodies its history. At any rate, tonight's historical rhapsody could not be too helpful to the uninitiated: themes and styles came and went, including some unannounced passages of boogie-woogie.

Bill Evans played an unamplified piano, after stating demurely "I'm not really a heavy solo pianist . . . I'm going to play 'You Don't Know What Love Is' as if I were playing in my own home." Later he took the swing of 3/4 time out of his own "B Minor Waltz" and offered a profound, engrossing version of a little-known Ellington number, "Reflections in D."

The guitars of the evening were played by Larry Coryell and Philip Catherine, the latter a Belgian rock star who recently recorded with Mingus. The set opened with some impossibly fast unison picking and it featured repeated virtuosic displays, climaxing with Catherine's "Transvestite Express." Amidst the seemingly endless chatter of this last piece were quotes from Grofe, the Beatles and others. The only affecting performance of the set came on Django Reinhardt's "Nuages," between Catherine's slow, rubbery introduction and his evocation of "La Marseillaise." The guitarists were applauded wildly by members of the audience who presumably pick a lot more slowly than do Catherine and Coryell.

Books Considered

Prodigal Father: The Life of John Butler Yeats by William M. Murphy

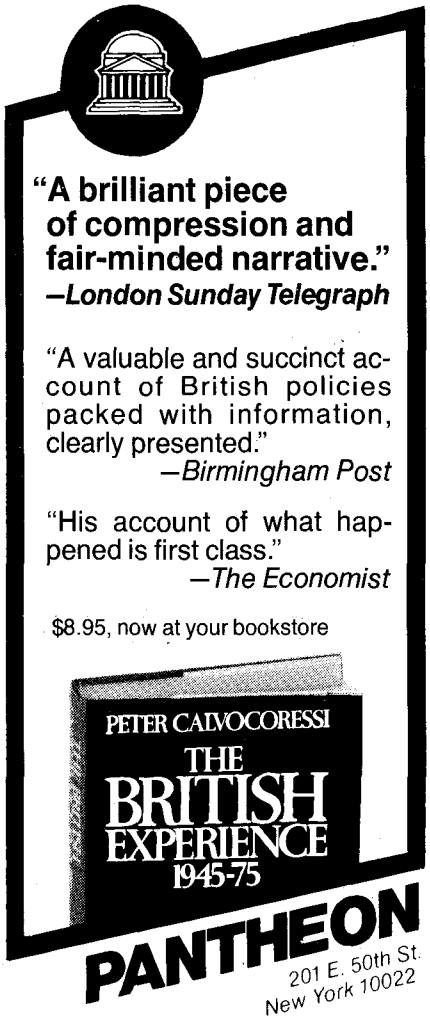
(Cornell University Press; $27.50)

In 1907 Hugh Lane, Lady Gregory's nephew, raised money among friends to give John Butler Yeats a trip to Italy where he had never been. JBY was then 68 and was famous in Dublin for his good nature, his brilliant conversation, his undoubted talent as a portraitist, and his unsuccess. No man could more surely fumble the opportunities his admirers created for him from time to time. Either he would take forever over a job or, having caught a striking likeness, would improve the picture into ruin unless it was forcibly snatched away. At about the turn of the century Lane, an art dealer and collector, had tried hard to make him the fashionable Dublin portrait painter, but had had to give up after a couple of exasperating years. A number of fine portraits had been produced—today a national treasure—but the continued frustrations had been more than Lane could bear. Significantly, however, he still regarded JBY with affection.

For some months JBY vacillated, or seemed to vacillate, about setting off. He didn't, Mr. Murphy tells us, like "being forced to do things other people planned for him." Then, almost without warning, he decided instead to use the money to accompany his daughter Lily to New York where John Quinn, the lawyer and art patron, had arranged that she should show her embroideries and her sister Lollie's printing at an Irish exhibition. "His plan—or the one he announced—was to make a whirlwind invasion of the city and its environs, where his Irish-American friends would find commissions for him, and, like Willie and Douglas Hyde before him, to return in triumph with sheaves of American dollars to wave in the eyes of his detractors."

Quinn, who knew the old man and had given him commissions, heard the news with consternation and tried to head him off by pointing out that the time was most inopportune, the country being in a severe economic slump. He might as well have tried to stem the Liffey. Fourteen years later he would list among his several afflictions, "I have old man Yeats on my back."

By then, in 1921, Quinn's own health was bad. Besides, he had a terror of being involved with death—JBY was 82 and obviously failing—and though he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was fond of the old artist (as well as being recurrently infuriated by him), he desperately wanted him to go home. At Quinn's urging all the Yeatses joined in, promising their father every attention and comfort if he would return to the family hearth; and if they were somewhat less pressing than Quinn, it was only because they knew the old man better and had less hope. For his part, JBY alternated between flat refusal and pretended submission, agreeing to go and then putting it off again on one excuse or another, either of health or because the self-portrait Quinn had commissioned a dozen years before was still unfinished. That "most venerable embryo," as Quinn called it.

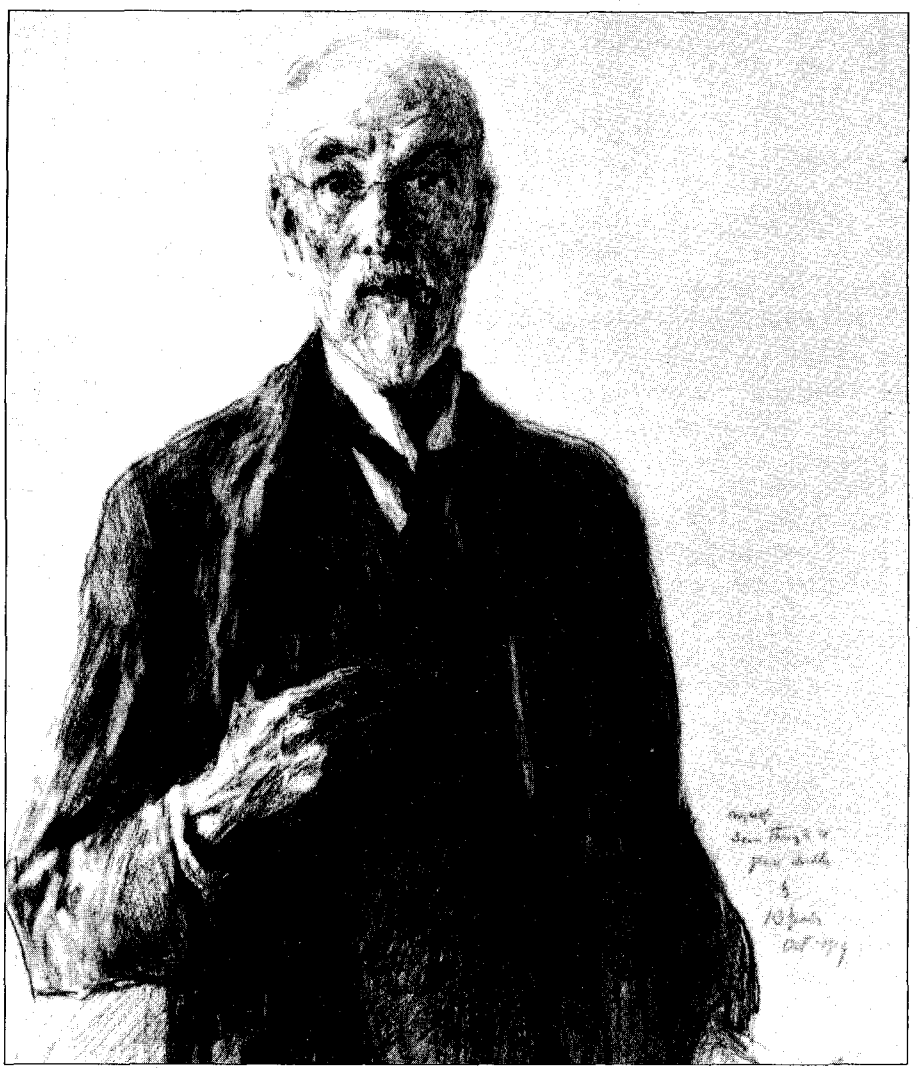
In September, William Butler Yeats, who sympathized entirely with Quinn and appreciated what he had done for JBY and had put up with, stopped cajoling, which he wasn't very good at anyway. (One of the surprises of this book is the revelation of how remarkably testy and ham-handed WBY could be in his dealings with his family.) He now told his father flatly that the strain and imposition on Quinn were insufferable and the ignominy of the situation worse still. "The present condition of things is an altogether unfitting sunset for a laborious and dignified life. You yourself must feel how undignified it is." And in October,

> *You misunderstand. I thought I had made it plain in my letter that I consider your present position undignified because it places upon Quinn a responsibility which he greatly objects to. Do not deceive yourself on that point. He resents your delays most intensely. His letters to me make that plain; and I should have thought that the letter he dictated to Watson would have made it plain to you. I cannot understand a single needless hour after that letter.*

While to Quinn he wrote in disgust,

> *It is this sheer infirmity of will which has prevented him from finishing his pictures and ruined his career. He even hates the sign of will in others. It used to cause quarrels between me and him, for the qualities which I thought necessary to success in art or in life seemed to him "egotism" or "selfishness" or "brutality." I had to escape this family drifting, innocent and helpless, and the need for that drew me to dominating men like Henley and Morris and estranged me from his friends, even from sympathetic unique York Powell. I find even from letters written in the last few months that he has not quite forgiven me.*

But the old man won out. The ticket



John Butler Yeats, pencil self-portrait, October, 1919. In JBY's hand: "Myself seen through a glass darkly." Collection: Foster-Murphy. ©Cornell University Press.

Quinn had bought for him was redeemed. And Quinn replied to WBY, half resignedly, half in admiration, "It was not infirmity of will that made his decision this time. It was strength of will, sheer stubbornness."

JBY died on February 2, 1922, still at Petipas's boardinghouse on West 29th Street, where he had lived for 12 years, in the rat's nest of a room that so horrified the fastidious Quinn. Quinn and Jeanne Robert Foster, to whom JBY had introduced him, attended him to the end. Eight weeks later his memory was honored with a dinner at the boardinghouse. "The guest list," says Murphy, "reads like an intellectual and artistic *Who's Who in America*" and is indeed a tribute to his gift for making and holding distinguished friends. So is the fact that Quinn was of the company, for he detested boardinghouses and Petipas's most of all.

Now, plainly, if JBY were not, in Ezra Pound's phrase, "the father of the Yeatssss," and of the poet in particular, a 680-page biography of him would be neither conceived nor published. Inevitably the book is as much a family history as a biography, and there are some long passages, especially for the years between 1885 and the early 1900s when the narrative deals mainly with the two sons and the two daughters, each a creative and responsible individual, while in the background JBY goes on talking and hoping and failing in ways already quite familiar to the reader. As for his wife, she had suffered two strokes in 1887 and from then to her death in 1900 was a silent, withdrawn presence.

When they had married, in 1863, he owned a small estate in Kildare, was studying for the bar, and had excellent connections that should ensure success. She doubtless looked forward to a life rising prosperously from level to level of social fulfillment till at last her husband should adorn the bench. Instead, in 1867, after a year of only the most tentative practice, and when there were already two children, he moved the family to London and entered art school. To his wife the long subsequent slide into penury was a vista of shame. They

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were always in debt, always depending on small loans from her disapproving family or from helpful, if puzzled, friends. At one period she and their five children lived with her parents in Sligo for nearly two and a half years and later Jack, the youngest, was with them for eight. It is not surprising that Susan Yeats hated everything connected with her husband's commitment to art. She never once entered his studio.

Though he maintained a brave and cheerful front, by the late 1880s he came close to crack-up. He saved himself by a willed belief that the long sought perfection of style was just about to be his and that this would be instantly followed by discovery and great success. In fact he had a good style. All his work is instantly recognizable, well crafted and informed with personality. Nevertheless, in four long periods he failed twice in London and twice in Dublin, and in 1907, whatever reasons he may have given others or told himself, he actually came to New York in flight. There was never any real question of his returning. When he wrote his brother about possibly going home, he added, "But I am afraid, afraid, afraid. The horrors of my time in Dublin still burn in my memory." When a collection of passages from his letters proved a critical success, and Quinn and WBY got him to begin work on an autobiography, he wrote "a short account of my life from 1885 to 1900" but withheld it from Quinn because it was "not pleasant to write nor is it pleasant reading."

> *I had the pain and humiliation of seeing Lily and Lollie hard at work to keep the house—Lily all day with that she-cat May Morris, saving her 15/s a week and bringing it home to keep* my *house; Lollie also hard at work lecturing and teaching—these young girls cut off from the pleasant life that belonged to their station, without girl friends or men friends—and all my fault. And there behind all was my poor wife.* I knew *perfectly well that it was this terrible struggle with* want of means that had upset her mind.—*You may say I had Willie's success and growing fame to comfort me. Yes, but I had not his respect. How could I have it? I had not my own.*

Needless to say, the autobiography was never finished.

Two-fifths of Murphy's book is devoted to the 14 years in New York. The emphasis is just, both because a whole new cast of characters, American artists and intellectuals, must be presented and because the old man's personality is shown more distinctly when separated from family and homeland. Which is not to say that it thereby becomes easier to understand, for he had traits enough to outfit three ordinary subjects for biography, and the inherent contradictions of his nature make a long litany. Yet somehow he managed to stay on top of them all, traits and contradictions both, and thus to maintain himself as a single character and constantly to preserve or recover his self-respect. The latter is the most interesting feat of all for he had long since become a habitual borrower (to be sure, he always paid his debts when a windfall came his way, but would instantly start borrowing again) and to Quinn he was the veritable old man of the sea, irremovable, blandly uninsultable. Yet, as a student of human nature, a delicate moralist, and an Anglo-Irish gentleman, he was keenly aware of himself as borrower and leech. He could doubtless comfort himself that he did not ask a great deal and that, one way or another, he gave at least as good as he got. And that was true.

What he gave his children, either by precept or by their reaction, will be a matter keenly debated by Yeats scholars for a long time to come—and for Yeatsians this fresh, detailed, and richly illustrated book will be indispensable. (For once, they will get their money's worth.) But perhaps the measure of his real legacy is a passage from a letter Lily Yeats wrote to John Quinn in 1917.

> *I appreciate very much what you say about Papa. Not only do I love him as my father but as my greatest friend. When I think of his age and the distance he is off I cannot keep away my tears, and then to think of the sixty years of hard struggle he has had for the money that never came! He doesn't know what a success he is, how fine his work is, what a big man he is.*

Lily is the most fascinating discovery the book provides. She was not only the best of a good and generous family, she would have been the best of any family. Only a fool would argue with her judgment.

John V. Kelleher

John V. Kelleher is professor of Irish history and literature at Harvard.

The Legacy of Mark Rothko
by Lee Seldes

(Holt, Rinehart & Winston; $14.95)

"The Greatest Art Scandal of our Century" is the subhead of Lee Seldes's book, and that view of one of the most disturbingly unclear dramas of American cultural life determines both the vividness of her narration of it and also the limitation. First however one has to question a broadside attack on the book by Hilton Kramer in *The New York Times*, who accused Seldes of exploiting in outsider-fashion a "vulnerable" [sic] art world. For so knowing an art-world analyst as he, the critique was surprising. For Seldes's very distance from the legendarily web-like art-world bonds of loyalty and/or interests clearly was an advantage. It is doubtful any strictly *art* writer would have felt objective enough about the present case to make headway into its snarl of contradictions.

The event was the 89-day trial, embedded in six years of litigation, of three executors of the estate of the late Abstract-Expressionist painter Mark Rothko, on grounds of their having disposed of his works to the Marlborough Galleries for quick sale, in a manner the court found "manifestly wrongful and indeed shocking." The story however began long before Rothko's suicide in 1970 and the implications of the case extend into the future. To have made an engrossing report of this hazy complex of subterfuge and susceptibility—the symbiosis between victimizer and victim that has to exist for deep chicanery to take place—called for drastic reductionism. So while being grateful to Seldes for

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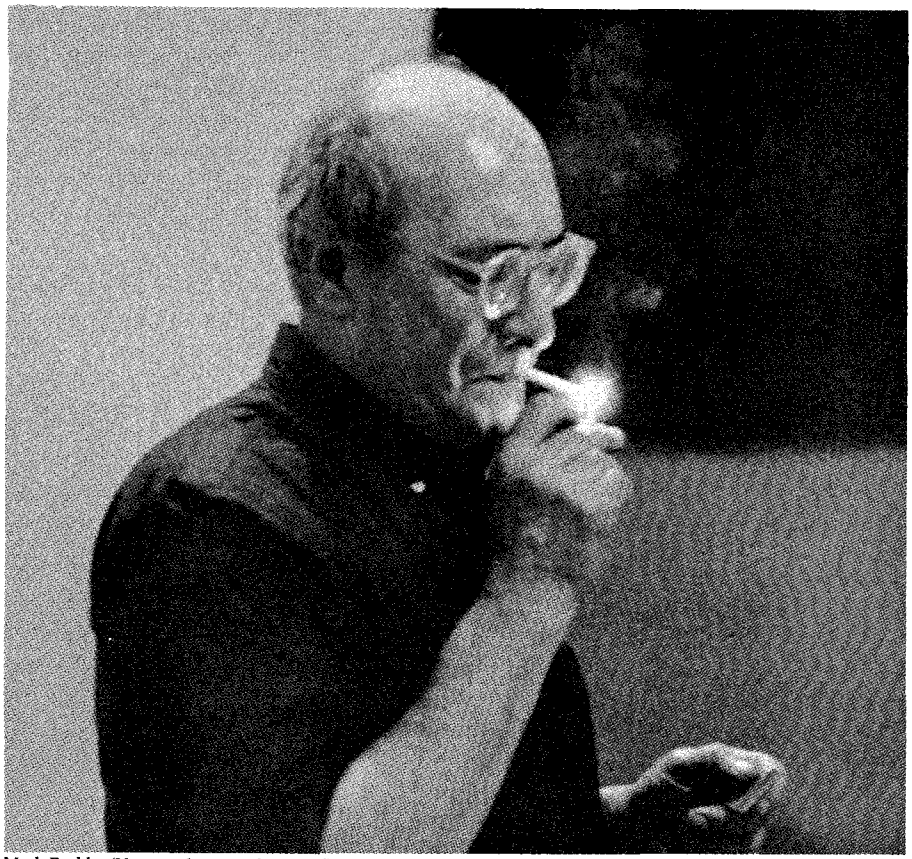

Mark Rothko (Newsweek/Bernard Gotfryd)

clarity about most facts, we can also regret that her account shades off into over-simple judgments on its frontiers.

In the end, surrogate Millard L. Midonick ordered the Marlborough Galleries to return several hundred paintings to the estate, fined gallery and executors over nine million dollars and appointed Rothko's now 28-year-old daughter Kate (who had instigated the original suit) as sole executor. Since the book's appearance, Kate has made her first moves, appointing the Pace Gallery in New York as her exclusive dealer (its head, Arnold Glimcher, testified against Marlborough in the proceedings) and the Guggenheim Museum to be the site of a first major show (its director, Thomas Messer, also took the stand against Marlborough).

As a plan of action, a pleased Glimcher announced he would offer a "very limited number" of paintings for sale at "upwards of $500,000." It is possible to imagine that, of the some 800 works Rothko left at his death, half, given a continually rising market for art and astute merchandising, might attain that price level. Then the total proceeds from Rothko sales theoretically would reach one-quarter *billion* dollars (the figure should not astonish; Seldes reports a full billion dollars' worth of art changed hands in New York alone in what now seems the economic backwater of 1974).

Of these dollars, every one will involve a proportion contributed by taxpayers-at-large, because the purchaser will inevitably be either a tax-exempt museum, a corporation using tax-deductible funds, or an individual counting on eventual tax benefit after death when the work passes, as works of that importance have a way of doing, to a museum. Moreover, when sufficient sales have been made to cover legal fees and estate taxes, half the residual (money and/or some remaining paintings) will flow into the tax-exempt Mark Rothko Foundation, set up before his death. It is, in fact, on the structuring of that foundation that the future relevance of the whole affair rests.

Seldes probably appropriately does not engage these art-political issues. One could wish, however, that she had made subtler analyses of the mixed motives of the characters in her cast.

For instance, in portraying Rothko solely as "hero and victim," concerned only for the higher destiny of his art, Seldes herself falls victim to a tendency to mythologize the dead. Her view of him fails to expose the conflicted maneuvers with which, in the troubled last years of his life, he sought comfort and, via his foundation, an immortal reputation.

That issue of immortality: it always comes up where art is concerned. In fact, the tax-exempt personal foundation, that "immortal" socio-economic construct with which our society negotiates with the very rich, raises serious questions about the relative responsibilities of government, the taxpayers and a few geniuses who both profit by and contribute exceptionally to the society. What privileges and dispensations—for example in making sacrosanct their reputations into the future—should these geniuses expect, at what literal cost to the others? From what depredations, the result of the wish for immortality they seem closer than other people to satisfying, should a society already marked by inequality of the economic type be insulated?

In the Rothko proceedings, these questions were inherent but never answered. He died leaving the details of his foundation unformulated. Had it been his wish, as some recalled him saying, to make cash grants to needy, aged artists or, as others remembered, to subsidize the hanging of his own paintings in honorific museums, in groupings he had pre-selected—every artist's *optimum bonum*? Urged on by the now-discredited executor Bernard Reis, the original board of directors of the foundation hewed to the former program. But there was deep disagreement. Good men, it must be said, took different views. The respected poet Stanley Kunitz, for example, wrote to the *Times* after Kramer's review failed to raise the foundation issue that the granting, during the years he sat on the board, of some $200,000 to some 100 artists, poets and, composers all "in circumstances of distress or crisis," was Rothko's "finest legacy." On the other hand, equally respected art historian Robert Goldwater, also a director, reportedly went to his own death troubled because he had understood—and supported the idea—that Rothko wanted the foundation to propagate his esthetics (Goldwater was to have been the official Rothko biographer). The assistant attorney general of the state of New York, Gustave Harrow, who entered the case at Attorney General Lefkowitz's behest as defender of the "ultimate charitable beneficiaries" of such a legacy, was wholly convinced by the Goldwater view. In conversation he has recently said, "The harshest betrayal Rothko suffered was in regard to the foundation."

The truth may not be so simple. The fact that executor Reis, in urging paintings be immediately sold, was acting to promote his own interest and only ostensibly to raise money for grants, does not affect the general argument. It

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still may be that Reis, whatever his motives, was correct in encouraging Rothko and later the board to emphasize service to fellow artists. It is not nearly so clear to me, as it is both to Harrow and to Seldes, that there should exist an indirectly tax-supported foundation whose purpose, as some argued in the Rothko proceedings, is "to hold the artist's paintings for exhibition and promulgation in museums," and, among other things, to subsidize affirmative books. Obviously, any effort of this kind affects the value of works on the open market. A painting displayed in a prime museum escalates at once in price, a fact Seldes correctly brings up in reporting the interaction between Marlborough Galleries and the Metropolitan Museum during the same years. It is a fact the attorney general's office apparently did not consider relevant when, after the original board of directors was disbanded in 1976, it appointed a new one that unanimously agrees to focus on promulgating the works or, as one director inadvertently put it in conversation, "propagating the true faith." It cannot be omitted from the record either that another of the new directors is the owner of several important Rothko canvases bought back in the 1950s, when such works were going for around $5000.

The Internal Revenue Service forbids the use of corporate tax-exempt foundations to advance business. The Ford Foundation may not promulgate Ford cars; nor the Lilly Endowment, Lilly pills. Rather, the IRS says, tax exemption carries the obligation to deliver "disinterested" service to the payer of taxes, who, in the nature of things, will be paying a little more to run the nation because the foundation pays nothing. Specifically, services shall be "religious, charitable, scientific, literary or educational."

There exist two other artists' foundations that have bearing. One was set up, also with Reis's advice and in accord with his advice to Rothko, by the late Adolph Gottlieb, "to distribute grants on an objective and non-discriminatory basis to mature creative painters and sculptors . . . who otherwise lack financial resources." The other artists' foundation was set up by the late Jacques Lipchitz; that one is "dedicated to preserving for posterity the philosophy of Jacques Lipchitz, the world-renowned sculptor."

The question that needs to be considered by the attorneys general of New York and other states, by the IRS, by the new board of the Rothko Foundation and also by potential boards of future foundations set up by artists coming into financial stardom, is whether the law indeed lays on the taxpayers the obligation of "preserving for posterity the philosophy" of anyone by a course that entails maintaining an artificial market for his or her works. Given time, some of those works, like some philosophies, may earn a genuine immortality while others find obscurity, a matter better left to destiny than law.

Eleanor Munro

Eleanor Munro's book *The Originals*, a study of a number of prominent American women artists, will be published in 1979 by Simon & Schuster.

Children of Fantasy: The First Rebels of Greenwich Village by Robert E. Humphrey

(John Wiley; $15)

For most of this century Greenwich Village has played a special role in the American imagination. It is not the geographic location, but the symbolic, one might even say the mythic Village, that has captured the attention of succeeding generations. No matter what the decade—at least until our own, sad 1970s—the Village has retained a reputation as the center of American Bohemia, a place to savor the avant garde. There garrets burst with undiscovered geniuses and cafes overflow with people who avoid regular jobs and indulge in bizarre behavior calculated to startle the middle class and attract its wayward children.

This view of Greenwich Village, like all myths, has some basis in reality. The area has been the closest thing in America to a Latin Quarter, and goodly numbers of people talented in the arts, a fair number of geniuses, and a vast number of radicals, deviants, drunks and crazies have resided within its boundaries. The first and most exciting Village era came in the swift half dozen years before America's entry into World War I. It was then that such diverse people as Eugene O'Neill, John Sloan, Walter Lippmann, Emma Goldman, Lincoln Steffens, Mabel Dodge, Bill Haywood, Margaret Sanger, Marsden Hartley and Edna St. Vincent Millay (to name only a few) called the region home.

These first Villagers were in revolt against middle-class values and full of desire to experiment in life, art and politics. People tried on beliefs like new fashions in clothing, and often discarded them as quickly. Anarchism, socialism, Marxism, cubism, free love, psychoanalysis, feminism, syndicalism and birth control were aired and debated at the Liberal Club, Mabel Dodge's salon or in the pages of *The Masses*. Not everybody in the Village understood or accepted all of these often contradictory doctrines (though Villagers were quite adept at self-contradiction), but to

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"John Reed Club Meeting" c. 1933 Courtesy Forum Gallery, New York

be a Villager was to be stirred by currents of thought that promised change in the social and political world.

This potpourri of belief and the antics, love affairs and witticisms of Villagers have attracted much more attention from journalists than academics. Only cultural historians have dealt seriously with the topic, and this usually as part of a much larger pattern of intellectual change. Now, in *Children of Fantasy*, Robert E. Humphrey attempts to encompass the Village in the years 1910 to 1920. His aim is to analyze "the events and activities that molded a common identity," to assess "the political and artistic accomplishments of those . . who viewed themselves as the cultural vanguard in America," and "to discover whether life in the Village was a satisfying and productive experience." This order proves too large for the author's grasp, but he does provide a good deal of serious analysis.

One major problem with the work is conceptual—Humphrey never really addresses himself to the question of what made one a Villager. Was it length of residence, cultural or political concerns, self-identification or something else? This is important because while the book treats the Village as a stable community, with institutions, norms and social hierarchy, it also provides plenty of evidence that people floated through on larger tides of social change. A casual residence pattern often makes it impossible to determine exactly how (or if) the Village experience affected an individual's development, happiness and productivity.

The region's instability is recognized in the author's very approach. Rather than a full history, *Children of Fantasy* provides a detailed investigation of five putative Village leaders—Hutchins Hapgood, George Cram Cook, John Reed, Max Eastman and Floyd Dell. Biography has the great virtue of illustrating to what extent new beliefs (revolution, love unhampered by marriage, feminism) were actually carried into life and to what extent they were mere hopes for the future, fantasies of life without obligations or guilt. But insightful as individual chapters may be, it is difficult to quell nagging doubts about how five lives can represent a generation.

All five men—and the lack of female subjects makes for a skewed portrait of the period—were products of middle-class homes. Unusually sensitive youngsters, they combatted "the loneliness and alienation of childhood" by retreating into imaginative literature and dreams "about a world in which freedom, poetry and love abounded." When adult life proved to be "dominated by practical concerns, they sought out those who shared their romantic sensibilities and artistic interests." Greenwich Village became a utopian community, one full of people with dreams for "reorganizing society, expanding artistic achievement, liberating the individual, and establishing a community of equals."

Personal and social limitations can easily explain why such grandiose goals were unattainable. But Humphrey believes the culprit to be the hothouse atmosphere of the Village which encouraged "adolescent fantasies." Villagers mistakenly thought that removing customary restrictions on behavior "was sufficient to generate creativity and community." By revelling in the joys of personal rebellion and self-gratification, they neglected to foster movements for social change. Too much time was devoted to personal relationships, love affairs, pop psychoanalysis and gossip, and not enough to political activity or artistic creativity.

While there is a good deal of truth in this portrait, it should not obscure the very real accomplishments of many Villagers. Humphrey convincingly portrays Hapgood as a journalistic voyeur who drew psychic sustenance from the lives of union leaders and slum dwellers, and Cook as an egomaniacal alcoholic whose success with the Provincetown Players was largely due to the fortuitous arrival of Eugene O'Neill. But the other three men, whatever their personal quirks, were immensely active and productive. Eastman and Dell edited *The Masses* in its heyday, stood trial for opposing the war effort, encouraged numerous young artists and helped to explicate the works of Marx and Freud, while Reed spent most of his time after 1913 charging around the world, reporting on wars and strikes and producing two major accounts of revolution (*Insurgent Mexico* and *Ten Days That Shook the World*).

By beating Villagers with the negative use of the word "fantasy," Humphrey ignores his own ample evidence that fantasies can energize people, move them to action and creativity. Certainly he is accurate to insist that Villagers' "most important insights were simply intuitive, a sense that much was wrong with society," and correct when he points out that they never developed a systematic analysis of social institutions—capitalism, marriage, genteel culture. But this is only to say that they were not academics and not doctrinaire radicals, but Bohemians and artists, half consciously moving toward new social arrangements and refusing to defer personal gratification until utopia arrived. An inordinate amount of interest in personal relationships occurred in part because Villagers had stepped outside the reigning social conventions and were seeking new forms of intimacy. Much of their failure stemmed from the fact that like all explorers, they entered a new world bearing value systems internalized in the society they hoped to leave behind.

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Despite its critical tenor, *Children of Fantasy* reaffirms the picture of Greenwich Village in the teens as an important community where people tried to show that life had "a purpose greater than the accumulation of money." Because its residents emphasized "individual gratification over familial and public responsibilities, the celebration of leisure over work, and the preference for psychology over religion," the Village can be seen as a place that foreshadowed "the values of contemporary America." Since we are still caught in the crunch between the pursuit of private pleasures and the desire for public reform, the difficult and painful struggles of the Villagers remain worthy of our sympathetic attention.

Robert A. Rosenstone

Robert A. Rosenstone, a professor of history at California Institute of Technology, is author of *Romantic Revolutionary: A Biography of John Reed* (Knopf).

The Future of China by Ross Terrill

(Delacorte Press; $9.95)

Writing books on China has become the latest cottage-industry of academia. Sometimes I would object not so much to its nonsense (for instance, Ross Terrill's books are, on the whole, neither absurd nor uninformed) as to its diplomatic and cautious insipidity. After concocting two sweet-and-sour China travelogues (recipe: for every coffeespoon of vinegar, add two pounds of sugar; change the sauce, reheat and serve again every other year), Terrill is now turning to the fortune-cookie; after the recent past and the present of China, here comes *The Future of China*.

There is a kind of engagingly open phoniness about Terrill's writing. Much use is being made here, once more, of the author's encounter with Chou En-lai. Actually, who on earth did not meet Chou? The indefatigable premier would even waste hours of his precious time with schoolboys (as this reviewer can testify). If one day an association should be created of All-the-People-Who-Met-Chou-En-lai-and-Made-Political-and-Academic-Mileage-Out-Of-It, it will count thousands of members, and Terrill should be chosen as its president-for-life.

Terrill's facile pages contain little substance; at least they are equally devoid of gross mistakes. However even if truth is here seldom the victim of a frontal aggression, most of the time it is softly subverted by an unquestioning acceptance of too many propaganda clichés, and even more by the author's own propensity for suave chattiness. For instance, after saying "There are things to be learned from the Chinese"—a healthy evidence we should never tire of repeating—Terrill manages to provide in a row three illustrations, the first of which is untrue, the second true no more, and the third mere fantasy: "a public health system that serves all the people, a system of education that combines theory and practice, and economic growth that does not ravage the environment." Terrill is forever bubbling with the sort of unflappable cheerfulness, that, if one day he were allowed to visit Hell, would probably induce him to praise the place tactfully for its warm atmosphere. A writing style involves more than mere problems of form. As Julien Green once observed, "A language is itself a way of thinking." Terrill shows a compulsive need to load most nouns and concepts with colorful journalistic epithets. For instance "Chinese language" in his parlance becomes "chirpy four-tone Chinese." Without trying to pick out and emulate too many of these cute mouse-whisker-brush sketched Terrillisms, let us merely note that such gratuitous compulsion can lead all too easily to subtle distortions and rosy coloring of factual data: Hua Kuo-feng is thus regularly referred to here as "amiable Hua." Why "amiable"; why not wise, genial, stolid, compassionate, stern, down-to-earth, modest, taciturn, warm, cool? Why not calculating, straightforward, sinister, trustworthy, boorish, courteous? Yang K'ai-hui, Mao's second wife (or first, depending on how you count) was arrested as a young revolutionary and executed. It would seem to us that this stark historical fact should by itself be moving enough; not for Terrill, who feels the need to describe her as "Mao's *adored* young wife." The fact is that at the time Yang was executed, Mao had already left her, and for more than one year had been living with another woman. The point is not of pressing importance, but the gratuity of this "adored" epithet illustrates interestingly how loose writing style leads to lousy historiography.

Very often Terrill's mannerisms remain innocuous, even though mildly irritating; for instance, since he deals with things Chinese, he feels the necessity to multiply the quaint exotic notations, like indulging in "Dragon Years" and other "Snake Years." In the same fashion, a possible sino-soviet rapprochement can be nothing for his pen but "a flirtation between the Dragon and the Bear." These touching zoomorphic metaphors might well succeed in making international politics more attractive to an audience of Boy Scouts, and there is no harm in it. What is disquieting, however, is when all this pleasant babbling turns into a skillful logomachy aimed at dodging or covering up more painful issues. Some time ago a gentleman wrote in *The New York Times* an article to the effect that the human rights concept should not apply to China, since Chinese are not really human in our fashion. That was fairly crude, yet it had at least the merit of a certain frankness. Terrill is far more shrewd in his convoluted nebulosity: "In China the entity of moral significance is the entire Revolution. Unity is a moral end, compared to which the views of any particular individual are a bagatelle. In America, the human rights issue is the procedure by which the individual is dealt with; In China we have the politics of symbolism; what matters is the whole. In the US, we have the politics of logic, what matters is the individual with his own life and reason." Unsophisticated minds unable to decipher the "politics of symbolism" mistakenly assumed that the phenomenon could be

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called totalitarianism. Fortunately Terrill came, and found its true name: "wholism." For having made such a useful discovery, he obviously deserves to be awarded a new visa to China.

Readers of this review might complain that I am accumulating words, and sentences and paragraphs without ever getting at the heart of the subject. Actually I have the same complaint with regard to the book itself. If it bears relation to the Chinese reality, it is in the same aseptic way Disneyland bears some relation to the real world: some amount of research has gone into it, there have been genuine efforts here and there toward verisimilitude—yet the basic policy remains primarily to attract and entertain the public, to avoid all that could offend or shock. It may provide clean fun for the kids; is it the mark of a wicked mind to remain immune to its charms?

Simon Leys

Simon Leys's most recent book is *Chinese Shadows* (Viking).

Rockdale
by Anthony F. Wallace

(Knopf; $17.50)

Nowadays the phrase "Industrial Revolution" evokes thoughts of long assembly lines, frustrated workers, and urban blight. Yet America's Industrial Revolution actually had rather pleasant beginnings in small river communities that offered an abundance of water power, then the best source of energy for manufacturing. It was many years before Watt's steam engine transformed American industry into a mammoth, smoking thing of the cities.

A small village on the banks of Pennsylvania's Chester Creek, Rockdale, combined most of the elements necessary for successful manufacturing during the early 19th century. As anthropologist Anthony Wallace, himself a Rockdaler, explains:

> *It was, then, a place too rugged in terrain for farming but naturally pre-adapted for the early manufacture of cotton, with plenty of water power and an abundance of field- and quarry stone for dams, races, houses, mills, and bridges. It was a niche prepared by time for the harmonious combination of men, machines, and nature in the pastoral phase of American manufacturing.*

This "pastoral phase" lasted in Rockdale from 1825 to 1865, when the water-powered cotton mill itself became outmoded. During these years, mills could be built only on sites where the river ran fastest, so most of the surrounding countryside was left as wild as it had ever been. Workers, managers, and mill owners all lived within walking distance, brushed shoulders at work, and worshipped in the same churches on Sundays. Families went to work in the same mills, often forming the crew for one spinning machine. And the operation of those early machines was still sufficiently complex to permit workers a measure of pride in their labor.

Yet even as the new cotton mills appeared to have settled comfortably into the countryside, the Rockdale community began to break up from within. A new working class was taking shape: for the first time, men, women, and children worked long hours in large shops outside their homes. And a new supervising class rose up to collect the profits.

With each new invention or improvement, the Industrial Revolution gained momentum, splitting the classes even farther apart with what Wallace calls "technological pressure." While mill owners scrambled to keep abreast of innovation, workers learned to live with the knowledge that their employers' commitment to mechanical improvement might ultimately cost them their jobs.

And, Wallace argues, even those in the ownership class who benefited most from the machinery of the Industrial Revolution fought bitterly over who should control it and for what ends. This was a two-sided battle in which each faction claimed it could end class conflict in Rockdale with its version of the properly organized industrial society. On one side were the "Freethinkers" or "Enlightenment Utopians." These were supporters of the Owenite experiments with communally run industry at New Harmony and Valley Forge. The Rockdale Utopians advocated cooperative control of industry, believing all citizens should share equally in the wealth the machine brought to America. With the ambivalence typical of well-to-do freethinkers in any era, however, the Utopians continued to run their own mills as small feudal fiefdoms, but pinned their hopes on experiments like New Harmony to show the world how the machine could be harnessed by the common man for the common good.

The "Evangelical Christian Capitalists," as Wallace terms the opposition, many of whom found religion during the second Great Awakening that spread across the United States at mid-century, condemned the Utopians as "infidels." These enthusiasts believed private ownership of industry, and the resulting stratification of society, were part of a divine plan. If they prospered as mill owners it was by God's will—and most likely was a sign of election. The poor were most probably sinners who deserved their lot (and if not, signs of election could be detected in other traits). The old Puritan notion that wealth was an outward sign of grace (used to justify the failure of collectivism in the first New England towns) was resurrected in support of a new era of capitalism. And once again the victory over collectivism would be decisive.

To counter Utopian charges of profiteering, the Evangelical Capitalists developed the concept of "Christian Stewardship," by which owners were bound to look after their workers. Christian Stewardship did not mean supporting unions or sharing any more of the profits than was absolutely necessary. What it did mean, in Rockdale at least, was establishing churches and Sunday schools that taught both worker and capitalist to accept the class stratification necessary to Christian Capitalism. Their campaign in the churches worked so well that, when the New Harmony and Valley Forge communes collapsed in 1827 and 1828 and with them the Utopians' hopes for a show of strength, the Evangelical Capitalists were already well on their

COMING:

Theodore Rosengarten
on "Dear Master:
Letters of a Slave Family"

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way to establishing exclusive control of the political and spiritual life of Rockdale.

Ironically, the naive Evangelical justification of capitalism, along with the Social Darwinist ethic by which it was subsumed later in the century, played a major role in drawing the "pastoral phase" of manufacturing to a close. But Wallace sees a more immediate result. Fresh from their victory over the Utopians, the Evangelical Capitalists and worker-converts broadened their sights. Wallace writes:

> *To the evangelical . . . manufacturer and worker in towns like Rockdale, the Civil War was not fought merely to preserve the Union from disruption, or even to abolish slavery; far more important than that, it was the first major clash in the war that was predicted in the Book of Revelation. It was the beginning of the greatest and final war, the beginning of the war for the conquest of the world for Christ.*

A moment's thought reveals there is a good deal of truth to this, strange to say. Undoubtedly evangelical rhetoric was a great morale booster for the Union forces, as the opening lines of "The Battle Hymn of the Republic" show: "Mine eyes have seen the glory of the coming of the Lord. . . ." And Wallace has uncovered many other songs and slogans of the period bearing the same theme. Surely there was an Evangelist within every Yankee soldier. There was also, Wallace is quick to remind us, an Evangelical *Capitalist* in there too. Wallace is well aware of the economic forces that drove the nation to war. As he has shown us before, the Evangelicals were not above masking fundamentally economic motives with pious rhetoric.

All this would seem to make a sufficiently serious argument for one book. Yet Wallace readily dismisses his historical outline as a "plot" he "did not expect" to find, and proceeds to neglect it wherever possible. Wallace spent the better part of a decade prowling about the ruins of Rockdale's cotton mills and family estates, combing through letters, diaries, business ledgers, church records, and all the other minutiae of small town historical society archives—and seems to feel obliged to report the bulk of his findings to his readers. Wallace continually breaks off his argument in favor of matters as tedious, to this reader, as the intimate workings of a "mule jenny" (a spinning machine common in Rockdale mills). Admittedly some of this memorabilia spices up the narrative. Mark Wild, the gentle and charismatic unionizer, and Clemma Smith, the self-important Sunday school teacher, were certainly lovable characters as Wallace describes them. And there may be a reader somewhere who finds mechanical details fascinating.

But this is not all. A writer of anthropological texts, Wallace is also bent on running through the methodological repertoire his own textbooks have helped to make standard. Kinship patterns, sex roles, enculturation, and an application of Thomas Kuhn's paradigm theory Wallace has invoked repeatedly in the past, all receive considerable space but very little development.

Wallace's virtuousity in *Rockdale* is impressive, and his research never less than impeccable. But his failure either to limit his subject or to give coherence to this mass of material may only turn readers away from what is essentially a significant contribution to American historiography.

Megan Marshall

Megan Marshall is a freelance writer and editor in Cambridge, Massachusetts.

Fortunes and Failures: White Collar Mobility in Nineteenth-Century San Francisco
by Peter R. Decker
(Harvard University Press; $20)

An Italian Passage: Immigrants to Three American Cities, 1890-1930
by John Walker Briggs
(Yale University Press; $20)

Natives and Newcomers: The Ordering of Opportunity in Mid-Nineteenth-Century Poughkeepsie
by Clyde and Sally Griffen
(Harvard University Press; $18.50)

The scholarly research underlying these studies of class in 19th- and early 20th-century America is praiseworthy, but the general reader will be more interested in them as representatives of two academic *genres* in contemporary labor history. Those who understand labor history as the story of trade unions' struggles and development are with us still; the "new historians" intent upon writing history "from the bottom up" define their subject matter more broadly. They concern themselves with working men and women—those who joined unions and those who did not—with their beliefs, values and behavior, with their daily lives, their ethnic identification and their aspirations for success.

These books use different methods to describe the daily realities of ordinary men and women. By focusing his attention upon the changing working-class traditions of south Italian peasants and workers who settled in Rochester, Utica and Kansas City, John Briggs allies himself with a European Marxist school most closely identified with the British historian E.P. Thompson. Briggs and others are investigating how the immigrant generations of several ethnic groups reorganized and adjusted their Old World cultures to the American scene, a recurring process for European migrant groups entering this nation since the 19th century.

Following Stephan Thernstrom, a leader of the "quantitative school" of labor historians, the Griffens and Peter Decker choose instead to analyze the occupational careers of Poughkeepsie, New York, workers and San Francisco merchants. Their work is the most recent and most refined of what by now must be close to one hundred social mobility studies by PhD candidates and their professors, all of them based upon carefully computerized manuscript cen-

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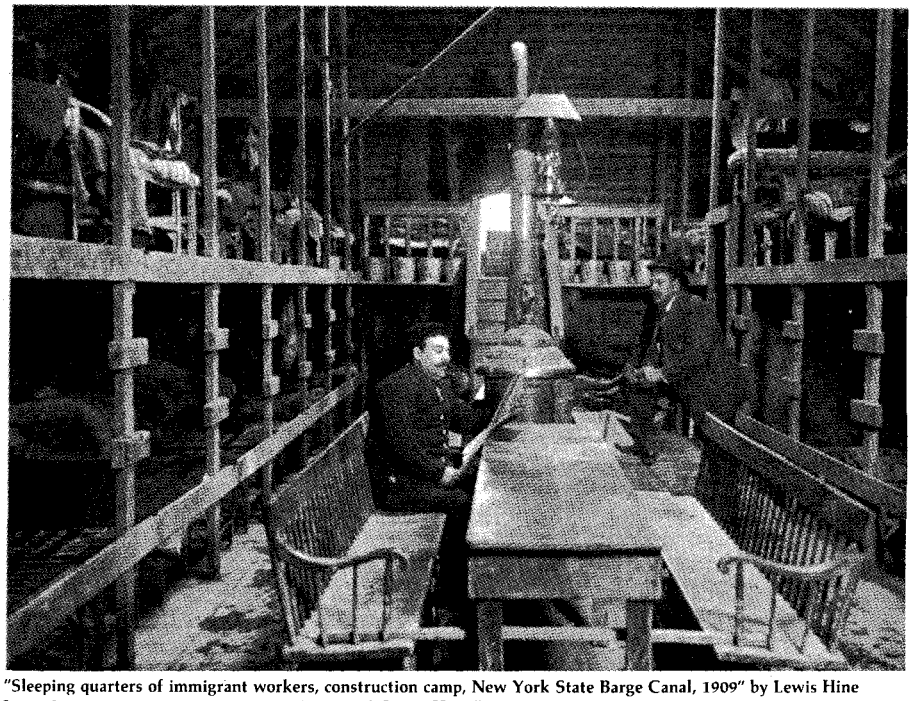
sus data, many of them financed by impressive private and government grants. The study of the alleged desire of now deceased workers to improve their social position through career advancement has become, ironically, a commodity in the academic market place. The quantifiers' obsession with occupational mobility into, out of, across and beyond the working class does not seem to have captured the imaginations, engaged the passions or enhanced the stipends of scholars abroad. This is an American phenomenon.

The boundaries between these two historical *genres* are not firm, especially since lively and occasionally acrimonious exchanges have sensitized each to its limitations. Decker and the Griffens have attempted to integrate discussions of worker and white-collar culture into their statistical analyses, while Briggs employs many of the quantifiers' statistical devices. Each of these books is based upon vigorous, exhaustive research into local sources. Yet the disparities between the two schools are real, and their choice of subject matter and methodology reveals fundamentally distinct political orientations. Both Decker and the Griffens take as their essential theme occupational mobility or transformations in "the structure of opportunity" in American cities. Uninitiated readers might understandably find their focus puzzling. Class is equated with occupational position; we are not presented with a dramatic presentation of political and union activity but an investigation of the "rags to riches" myth: the history of the working class becomes a story of how men and women left or tried to leave it. Contemporary and not so contemporary social scientists have understood that history differently. An obvious alternative is the Marxist definition of class as a social relationship. The intellectual precision of social mobility scholars is not at issue, yet one wonders if their rigorous attention to methodological detail leaves them unwitting architects of a definition of social class and social reality as heavily penetrated with political values as Marxist analysis is. Intentionally or not, the quantifiers are the inheritors of an American sociological tradition which understands class as a social aggregate, a category to be measured empirically. Spotty and inadequate historical documentation dictates the use of occupation as their measure, but income or living standards, the indexes used by the conventional American sociologists, would have suited their purposes as well. Earlier studies of occupational mobility had the implicit goal of determining whether the American workers' hopes for and realization of success negated efforts to attract them to European style radical labor organizations and movements, but that intent is thoroughly obscured in the current literature. The statistical methods, measures and refinements of mobility overwhelm us, leaving this larger question on balance neglected. The professional historian, no less the general reader, justifiably leaves these pages asking as Gertrude Stein allegedly did on her death bed, not "What is the answer?" but "What is the question?"



"Sleeping quarters of immigrant workers, construction camp, New York State Barge Canal, 1909" by Lewis Hine
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John Briggs takes a different approach in his book on Italian immigrants. The statistical methodology is present: Briggs estimates rates of school attendance, of intermarriage and of family dissolution; he even describes a pattern of mobility from a first generation of laborers to sons more likely to be semi-skilled or white-collar workers. But the quantitative measures are devices, accessories to the task. Briggs's work returns to that significant question: why is it that the American urban working class has behaved as it has and why has this behavior differed so substantially from European patterns? His Italian-Americans are appropriate for initial exploration of this fascinating issue. Descendants of European agricultural laborers, peasants, miners, fishermen and town laborers, they and their children compose one of 20th-century America's largest working-class ethnic groups, one often criticized for its political passivity and conservatism.

The main thrust of Briggs's argument is that immigration was a selective process. Italians who came to the United States sought to maintain or improve their social position; many of those who remained behind had the same objective but they preferred the strategy of class protest through militant agricultural organizations, not the individualistic solution of migration abroad. An elegantly researched analysis of south Italian regions experiencing high emigration rates supports Briggs's position. Upon their arrival in the United States many Italian immigrants had already acquired beliefs and social experiences which were compatible with American middle-class values. They had been members of workingmen's and agricultural organizations which fostered educational, self-improvement and cultural activities. Some had gained entrepreneurial and marketing experience as fishermen, miners and truck farmers. Briggs here challenges earlier studies that explained the Italian-Americans' relatively slow access up the occupational ladder and their uneasy commitment to trade unions as the extension of a peasant tradition that valued neither political action nor oc-

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cupational success. He attributes their behavior instead to an initial reluctance to remain in the United States. Unlike the Jews, who had no choice but to remain here, Italian immigrants returned to Europe at a rate far exceeding any other group. Once Italians made their commitment to remain, the imprint of their Old World ideology of self-improvement became apparent. They wanted their children to succeed and they were as likely as other groups in the cities Briggs studied to send their children to public schools. They made their mark in America as small business men and homeowners, choices which reflect the south Italians' high regard for property and entrepreneurship.

By focusing upon the origins and adaptations of working-class ideology, values and behavior, not upon workers' skills or their rate of change, Briggs defines himself as a historian who understands class and class formation as a social process. Yet he does not dwell upon the material conditions or social relations attending that process. In this he is consistent with those American historians who prefer Thompson's cultural analysis to Thernstrom's numbers. This attention to broad aspects of working-class culture has sometimes resulted in accusations of idealism from more traditional Marxists. The Thompsonites are indeed less preoccupied with the material conditions of working-class existence than with its cognitive systems. But their intent is to understand working-class culture in relationship to industrialization, urbanization and modernization. They emphasize the contributions and active roles which workers played in these processes: the workers are the subjects of history, not its object. The focus upon culture represents an effort to understand working-class consciousness and the ways in which that consciousness affected and was affected by social realities. The ideal would be a labor history that analyzes more concretely interactions between material conditions and working-class culture. That history has yet to written by American labor historians.

Virginia Yans-McLaughlin

Virginia Yans-McLaughlin is Associate Professor of History and Director of Women's Studies at Douglass College, Rutgers University. She is the author of *Family and Community: Italian Immigrants in Buffalo, 1880-1930* (Cornell University Press).

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THE NEW REPUBLIC
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Washington Diarist

Intern Summer

The ink-to-news ratio in the newspapers leaves much to be desired. That ratio, well known to anyone who reads newspapers on a crowded bus and wears light-colored clothes, measures the amount of news consumed against the amount of ink that rubs off while reading. Now that *The New York Times* has converted to a new printing process using plastic plates, its ink-to-news ratio has improved considerably. After a summer's reading, though, *The Washington Post* still leaves me with more ink than knowledge when I'm through with it. Nothing can be done, however, to prevent Washingtonians from rubbing their pants, skirts, hands and noses into the *Post* each morning on their way to work. Everyone seems to read it, talk about it, quote it to neighbors and do just about everything but put it on microfilm before the day is out. I have no objection to this. In fact, if only most citizens took as much interest in the news as Washingtonians do perhaps the world would be a better place. But things get carried a bit too far, I think, when you overhear casual banter on the subway about the nuances of the Sino-Soviet split and its long-range impact on American foreign policy. This is simply too much to handle. At moments like that I wish some reporter would ask President Carter what he thinks of Woody Allen's new movie.

Whenever you visit a one-industry town, these problems are magnified. True, there are plenty of non-government workers here, but would they survive if the industry closed down? Of course not, and they would be joined on the next flight out by the staff of this magazine and countless others who depend on the wheels of government to turn. The only people left would be those with season tickets to the Redskins. It's not very likely to happen. Government seems intent on growing, not shrinking, and so do the newspapers. Reporters in this town are as lionized as the men and women they cover, if not more so. *The Washingtonian*, a local magazine chock-full of glossy ads and empty articles, recently dispatched a group of graduate students to interview every Washington reporter they could find, for the purpose of producing what is probably the most self-serving and ridiculous ranking of journalists ever published. They graded journalists in categories ranging from the "least respected" (Rowland Evans & Robert Novak) to the "most esoteric" (Roger Rosenblatt, formerly of *TNR*). At *The Washingtonian*, the ink beats the news hands down. Soon we'll be reading articles about what it's like to write articles about reporters who are writing articles (long ones) about what it's like to be a reporter at a media event. By Sally Quinn.

Among those who pay particular attention to the news media in Washington are those whose vital interests are regularly treated in the public print. This explains the recent scrutiny of *Time* magazine by local Zionist leaders who have found its coverage of the Middle East at best slanted and at worst anti-Semitic. They have a point. When Menachem Begin first took office, *Time* offered its readers this pronunciation guide: "Begin (rhymes with Fagin). . . ." Well, that sent everyone reeling. Even Sol Linowitz, the peripatetic Panama Canal negotiator who serves on the Time, Inc. board of directors, said he didn't particularly enjoy reading that. Along with other evidence, the Begin-Fagin episode led other people to conclude that *Time* is pro-Arab. Even a casual glance through *Time* can turn up several examples of biased coverage, coupled with an abuse of the English language unmatched in any other major American newspaper or magazine. What once was the Luce Machine, which took reporters' dispatches and converted them into editorial position papers, is now a weather vane pointing wherever the prevailing political winds blow. When Anwar el-Sadat made his historic trip to Jerusalem last year, *Time* had this, among other things, to say: "For some, the arrival of Sadat—not to mention 2,000 newsmen from around the world—created visions of quick profits. Hotels were quickly booked and Jerusalem restaurants prepared for busy days." And in a recent profile of Begin, *Time*'s former bureau chief in Jerusalem, Donald Neff, labeled him as the one who has most "set back the chances for peace in the Middle East. He has proved inflexible, myopic, hard-lining and probably deceptive, especially in his dealings with Washington."

One might say the same thing about *Time* magazine, but it would be equally difficult to prove. Files of *Time* articles are beginning to bulge in various Washington offices, with mistakes underlined in red ink and critiques scrawled in the margins, but no one charges it with anything more than a powerful bias for the Arabs. To single out *Time*'s coverage in this area might lend undeserved credence to the rest of the magazine; *Time* and *Newsweek* are both users of the Morse Code style of journalism (full of dots and dashes) that distracts rather than informs.

The other day I found a fascinating sheet of paper lying on the desk of a congressional staffer. It listed all the phone numbers you can call in Washington to get a recorded message of news, schedules, features and phenomena. The most interesting number is Dial-A-Phenomenon, a service of the Smithsonian Institution, which tells the listener in a brief recorded announcement that Skylab will be visible almost every night this week. This is good news for those of us who expect it to fall out of the sky and into the heart of Washington any minute now. Lately, instead of just reading the newspapers, I add to my morning a series of phone calls to government agencies and others to find out what happened yesterday and what might happen today. The Federal Register number tells me what new regulations I must follow; the League of Women Voters keeps me abreast of upcoming legislative developments; and the Consumer Product Safety Commission gloats in English and Spanish over its latest do-good accomplishment. The White House has two numbers, one for followers of Rosalynn and one for those interested in Jimmy. The president's tape recording keeps reminding me that it is "not for broadcast," as if I'd want to send that anonymous and insolent voice over the airwaves. It then tells the caller, in a decidedly unfriendly way, that the president is in Camp David for the weekend. He'll be back midday Monday; stay tuned for details.

D.B.

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ENERGY FOR WHAT?

We Americans have been warned repeatedly: we cannot expect to go on living the way we did in 1973 before the OPEC oil embargo. Things are going to be different in 1985 and by the year 2000, we are told, they'll be dramatically different.

The clear implication, of course, is that things will be rough in 1985 and worse by 2000. Life will be meaner. And, if not less to live for, there will be less to hope for.

Even though that prospect is both dim and questionable, it has faced only the most desultory challenges. Instead, debate has centered around the proper tactics to postpone Doomsday, the most likely date on which Doomsday will occur should we fail to agree on how to delay it, how much profit if any should be permitted those who keep the wheels humming until then, and other questions similarly remote from the basic issue.

The basic issue, it seems to us, is not Conservation versus Development, not Environment versus Energy, not Soft-Paths versus Hard. What matters most is not whether the higher price of oil goes to the producers as profit or the Government as taxes—nor even that the consumer pays the same regardless. The issue is that *none of the alternatives being argued is relevant if all it can promise is to slow our slide downhill.*

What is being exposed in this long, drawn-out haggling over Energy Policy may not be the short-fall of our resources, nor the weakness of our will, nor the inefficiency of our democracy. What is being exposed may be the paucity of our vision.

We Americans never expected to go on living the way we did in 1973 before the embargo. We expected each year to be sufficient unto itself and each one to be different.

What do we expect of 1985? Of the year 2000? What, for that matter, do we expect of 1980? Certainly not to be still arguing the issues of 1978!

Quite simply and matter-of-factly, we cannot begin to resolve the question of Energy without first resolving the question of "Energy for What?"

What kind of a country do we want to live in? What kind of a society do we intend to build? What kind of a world do we wish to shape?

Are we ready to retire from world leadership? Have we lost our faith in progress and exploration? Have we run out our string of dreams—dreams that were so palpable in the past and seem so elusive today? Or do we still have "promises to keep"?

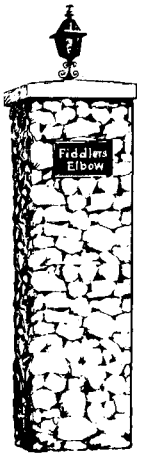
Is the world's most highly-developed nation ready to shift into neutral gear while its plants and equipment coast into obsolescence, its technology languishes, and its buildings deteriorate toward landmark status or await conversion by the arsonist into insurance claims?

"The cause of America," Tom Paine wrote in *Common Sense,* "is the cause of the whole world." Isn't it still?

More than energy policies upon which to build a vision of the future, we need a vision of the future upon which to build our energy policies.

With that in mind, we have invited a number of distinguished thinkers to join us in a continuing exploration of the question "Energy for What?" Because the issue goes to the heart of what this nation stands for it belongs, quite properly, to all the American people. For that reason, we are taking the unusual step of carrying our concerns beyond the confines of our membership through this and other thoughtful publications.

We welcome your comments and invite your inquiries.



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On September 12, 1978, Senators Dewey F. Bartlett and James Abourezk, distinguished members of the Committee on Energy and Natural Resources, will join Herman Kahn, director of the Hudson Institute, to present their views on "Energy for What?" This luncheon meeting for members and guests is the first in a series of explorations we are planning on this subject. For further information:

Mr. L. P. Higgs
General Manager
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Kent Golden Lights Menthol	9	0.7
Kool Milds	14	0.9
L&M	17	1.0
L&M Lights	7	0.6
Lark	17	1.1
Marlboro	17	1.0
Marlboro Lights	12	0.8
Marlboro Menthol	14	0.8
Merit	8	0.6
Merit Menthol	8	0.6
Multifilter	13	0.8
Newport	18	1.3
Parliament	9	0.6
Raleigh	16	1.0
Real	9	0.7
Real Menthol	8	0.6
Salem	16	1.1
Salem Lights	10	0.8
Vantage	11	0.8
Vantage Menthol	11	0.8
Viceroy	16	1.1
Viceroy Extra Mild	11	0.8
Winston	20	1.3
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